

BULLETIN

OF THE

NATIONAL ASSOCIATION OF CREDIT MEN.

PUBLISHED MONTHLY BY

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It's money in the pocket of every business man of the country, if the present stupendous fire waste of the country is reduced. Every man knows it can be reduced millions of dollars yearly if the problem receives its due attention. This matter has to do largely with the credit side of commerce. For that reason the insurance committee of the National Association of Credit Men has been doing yeoman's service to arouse that widespread interest in fire insurance and prevention, which all agree is the first and highest necessity. If you will write to the National office you will be given interesting information regarding the campaign planned by the fire insurance committee.

New Members Reported During August.

Atlanta, Ga.

Adler, May & Co.—Wm. S. Adler.
Binder Frame Mfg. Co.—H. A. Binder.
Central Bank & Trust Corp.—A. P. Cole.
Davis, R. W., & Co.—R. W. Davis.
Myers Millinery Co.—Casper Myers.
Richardson, Alonzo.
Shewmake & Murphey—N. E. Murphey.
White Provision Co.—E. S. Papy.

Baltimore, Md.

Shafer, Jacob C. Co.
Tillinthast Rubber Co.—C. H. Friant.

Boston, Mass.

Beacon Trust Co.—D. B. Kerr.
Dorchester Trust Co.—Wilbur F. Beals, Treasurer.
Emmons Bros. Co.—Harry T. Emmons.
New England Fish Exchange—W. K. Beardsley.

Buffalo, N. Y.

Century Tel. Const. Co.—C. F. Cannon.
Cohn, Himmel & Co.—N. P. Himmel.

Chicago, Ill.

International Tailoring Co.—Wm. J. Newberry.

Cincinnati, Ohio.

Bowman, L. F., Co.—L. F. Bowman.
Lindenberg & Strauss—Mr. Lindenberg.
Progressive Pants Co.—Max Silverstein.

Elizabeth, N. J.

Bronze Powder Works Co., The—W. R. Oest, Secretary.

Jersey City, N. J.

Commercial Trust Co. of N. J.—Wm. J. Field, Secretary-Treasurer.

Lancaster, Pa.

Farmers' Trust Co. of Lancaster—C. A. Sauber, Treasurer.

Newark, N. J.

Waverly Paper Box Board Co.—Matthias Plum, Jr.

Pell, John, & Son, Inc.—E. W. Woodruff.

Paterson, N. J.

The Citizens Trust Company—A. H. Dey, Treasurer.
German American Trust Co.—R. H. Fordyce, Treasurer.

Hamilton Trust Co.—Henry H. Parmelee, Secretary and Treasurer.

Philadelphia, Pa.

Bloch Bros. & Lipman—Wm. J. Flynn.

Clad, V., & Sons, Inc.—Louis A. Clad.
Delaware Ins. Co. of Phila., The—J. Parsons Smith, Jr., Secretary.

Fire Asso. of Phila.—E. C. Irvin, Pres.
Girard Fire and Marine Ins. Co.—Henry M. Gratz, President.

Ins. Co. of North America—Eugene L. Ellison, Vice-President.

Mechanics Ins. Co. of Phila., The—Simon Martin, President.

Ninth National Bank—B. T. Walton, Cashier.

Penn Fire Ins. Co.—W. Gardner Crowell, Secretary.

Quaker City National Bank—W. D. Brelsford, Cashier.

Reliance Ins. Co. of Phila., The—Chas. J. Wister, Jr., Secretary.

Sharp, Alleman & Moise—Albert L. Moise.

Sheip, Henry H., Mfg. Co.—Harrison Landis, Treasurer.

Union Petroleum Co.—J. M. Harley.
Unterberger, A.—Morris Unterberger.

Pittsburgh, Pa.

Chapman Valve Mfg. Co.—LeRoy Gordon.

Ferguson Tin Plate Co.—E. H. Geilfuss.
Finkell-Hachmeister Chemical Co.—H. C. Hachmeister.

Iron City Oil and Varnish Co.—W. H. Rickenbach.

Jeffrey Mfg. Co.—W. E. Holloway.

Lawson Mfg. Co.—J. M. Tobias.

Plainfield, N. J.

Plainfield Trust Co., The—J. H. Case, Secretary-Treasurer.

Rushmore Dynamo Works—S. W. Rushmore, Proprietor.

San Francisco, Cal.

Gantner & Mattern Co.—F. G. Gantner.
Hay, Paul B.

Youngstown, Ohio.

Bessemer Limestone Co., The—C. C. Blair.

Concrete Stone & Sand Co., The—A. A. Pauly.

Frankle Bros.—A. M. Frankle.

Grains of Health Food Coffee Co., The—Geo. F. Gairing.

Lindsay, C. D.

McKain, W. C.
Tibbitts, B. C., Lbr. Co., The—W. R.
Schmid.
Washburn-Crosby Co.—W. C. Knepper.

Youngstown & Pittsburgh Coal Co., The
—R. H. D. Willis.
Youngstown Ptg. Co., The—R. R. Shar-
man.

NOTES.

Members of the National Association of Credit Men who have had dealings with the Sprague Mercantile Agency of Chicago, Consolidated Adjustment Co. of Chicago, Barr & Widen Mercantile Agency, St. Louis, or Standard Mercantile Agency of Chicago, are requested to report the result of the same to the National office.

What a secretary of a local Credit Men's Association once said of his organization should be true of all departments of the Association, that he never lost a member except through failure or liquidation.

The average dividend failure in cases handled out of court and closed during July by the adjustment bureau of the Memphis Credit Men's Association was 49.4 per cent. It will be generally acknowledged that this record is highly commendable.

"Times is hard, money is tite, and customers is growing tuf." This laconic explanation was given by a tradesman when writing about an overdue account. After this pathetic excuse, the creditor decided to let him rest until money might get less "tite" and customers less "tuf."

The St. Louis association held no meetings during the hot summer months but will start its work under President F. E. Norwine, on September 16, 1909, at the Mercantile Club. An interesting program has been arranged and a large attendance is expected.

The St. Louis association is preparing to incorporate under the Missouri laws governing non-profit associations. In anticipation of this a few changes are being made in the constitution and by-laws which have heretofore governed.

The offices of the St. Louis association and its adjustment bureau were moved in May to larger and better quarters on the eighth floor of the Mercantile building. The office employs seven people constantly and occasionally has work for an extra adjuster.

At the recent annual meeting of the Wichita Association of Credit Men, F. W. George, of the Shattuck-George Iron Company, was elected president and W. G. Graham of Bradstreets, secretary.

The National Wholesale Druggists' Association will hold its annual convention October 11-16, 1909, at Hotel Jefferson, Richmond, Virginia. President Carter has issued a general invitation to all wholesale druggists and manufacturers to be present.

W. J. Evans, formerly with the Kingman Plow Company, of Peoria, Illinois, has been elected secretary of the National Association of Agricultural and Vehicle Manufacturers, succeeding J. T. Morrison, who has resigned to engage in the automobile business.

The "missing debtors" column is bringing the creditors of parties named in the column together for possible unity of action. The numerous inquiries reaching the Association office during the past month show that the column is carefully examined by members everywhere.

Five hundred members and guests of the Memphis Credit Men's Association took part in the outing of that association given August 3d on the steamer Pattona. Among the guests were many prominent "heads of houses," besides judges of the highest courts and leading local attorneys.

"Help the Association to grow and you will soon feel yourself growing." That is the experience of many a credit man whose loyalty to the Association has been made firm because through it he has found himself and been led to know his power.

President Norwine, of the St. Louis Credit Men's Association, has appointed the following as chairmen of committees for the ensuing year: Legislative, W. J. Baggerman; membership, J. A. Berninghaus; mercantile agency, C. C. Robertson; fire insurance, A. J. Merklin; good and welfare, W. B. Munroe.

So successful have the weekly luncheons of the Credit Men's Association of Baltimore become that it has been necessary to go to the Eutaw House, where a large private dining-room has been arranged for. It seems certain that with vacation season over, a hundred members will every week participate in these luncheons.

Credit men, those in Ohio in particular, will be interested to know that the bulk sales law of that state is coming up for review during the October term of the Circuit Court, when it is hoped to secure a reversal of the decision of Judge Robinson of the Common Pleas Court made a few months ago.

Members of the Association should take note that the Mercantile Adjustment Company of San Francisco is not to be confused with the adjustment bureau of the San Francisco Credit Men's Association. The latter is in charge of Ben Armer, secretary of the San Francisco association, with offices at 499 Monadnock Building.

Members of the Association having any knowledge of R. Gross & Company of South Sharon, Pennsylvania, Morgan McNutt of Saragossa, Alabama, Reuben E. Turetz, Philadelphia, Pennsylvania, and the Lincoln Bargain Store, 27 Lincoln Street, Chicago, Illinois, are requested to communicate with the National office.

The week of September 14th is made notable in financial circles by the fact of the American Bankers' Association holding its great annual convention that week at Chicago. The various programs have been received at the offices of the National Association of Credit Men and the proceedings of the convention will be fully reported upon in the next issue of the BULLETIN.

The numerous friends of T. W. Oberhauser among the members of the National Association of Credit Men will be glad to learn of his recent return to St. Louis after a long European trip, taken with the hope of restoring his health. Mr. Oberhauser reports that he is now feeling entirely fit to take up his duties again with the Crane Company.

At a recent noon-day meeting of the Pittsburgh Association of Credit Men, George W. Duffus of the Bradstreet Company spoke on the need of a law by which in matters of public record the business address of the principals be made a part of the record. He declared that great difficulty in establishing identity of such principals is often experienced because in various counties of Pennsylvania only the names appear.

At the last meeting of the executive committee of the New York Credit Men's Association, two checks each for substantial amounts, were tendered to the association and accepted, as a nucleus for an investigation and prosecution fund. Both checks came voluntarily and without solicitation. It is likely that this start will lead to an

active campaign to give the New York association a sufficient fund for immediate use in suspicious failure cases.

A recent copy of *Farm Implement News* contained a cut presenting in black the states of the Union having a bulk sales law and in white the states that have no such law. The cut was a photograph of the card issued by the National Association of Credit Men which is glad to have trade-papers help in giving traders everywhere a knowledge of the meaning of this law.

With a view to being of the greatest possible benefit to credit men and to the members in general, the Pittsburgh Association of Credit Men has added an employment bureau to its ten other bureaus. In the case of the Pittsburgh association at least it is not true that multiplication of activities results in dissipation of energy. The association has the faculty of doing many things and doing them all well.

A prosecution fund will be raised by the St. Louis Credit Men's Association as soon as the fall work is fairly begun. Authority for this step has been given by the executive board to the secretary who is now making his plans. The scheme used by the Milwaukee association will probably be used as a model for the St. Louis prosecution bureau.

Frank E. Rawlings, for many years secretary of the Plant Seed Company, and a popular member of the St. Louis Credit Men's Association, lost his life by drowning in the Merrimac river near St. Louis on August 21st. He was a high-minded business man of excellent qualities, and his death at the early age of thirty-six is greatly deplored by many friends. He leaves a wife and child.

One of the vice-presidents of the largest hardware house in the world has attended over 95 per cent. of the 120 meetings of the St. Louis Credit Men's Associations held during the past fourteen years. He states that he does this because he enjoys it and because, from a business standpoint, it pays his house. Besides he feels it a duty to himself and the organization.

In the directory of local associations which conduct adjustment bureaus and bureaus of information the Tacoma Credit Association is this month inserted. Both departments are conducted by J. D. Benner, secretary of the association, with offices at 400 Bank of California building. Before the Tacoma association became affiliated with the National Association of Credit Men these departments of service were carried on with marked success and to the general satisfaction of the membership.

The following have been made chairmen of the committees of the Pittsburgh association for the ensuing year: Banking and currency, J. W. Fleming; legislative, W. A. Given; prosecution bureau, G. Brown Hill; membership, William Meyer; business literature, T. K. Cree, Jr.; fire insurance, W. H. Sproull; mercantile agency, I. Hollander; publicity, F. Armstrong, Jr.; entertainment, L. C. Voss; employment, A. H. Schewe.

R. R. Gillette, who for two terms was president of the Denver Credit Men's Association, has severed his connection with the J. S. Brown & Bro. Mercantile Company, of which he has for many years been treasurer and credit man, having purchased a large interest in the O. W. Lyman Millinery Company. He will give his entire attention to the Lyman company.

Vice-President C. C. Robertson, of the St. Louis association, who has for years been credit man of the great house of Woodward & Tiernan

Printing Company, is a young, active man, well calculated ably to assist President Norwine in his plans for a large and more active association at St. Louis. Mr. Robertson will serve as chairman of the Committee of Mercantile Agencies and Credit Co-operation.

The Fire Underwriters' Association of the Northwest in recognition of the service which the National Association of Credit Men is rendering to bring about a better understanding among retailers of insurance and related problems has asked Chairman Powell Evans of the fire insurance committee to address their convention to be held in Chicago during the week of October 6th.

C. B. James, of Denver, Colorado, who, through the efforts of the Denver Credit Men's Association, was convicted of obtaining goods under false pretenses, has been sentenced to six months' imprisonment and a fine of \$1,000. The prosecution bureau of the Denver association has been exceedingly active of late also in the Tyner & Gray cases, which have been fully described in various issues of the BULLETIN.

Alive to the significance of Dr. Cook's discovery of the North Pole, the Pittsburgh Association of Credit Men at the September 2d luncheon voted to send this cable:

"Dr. Frederick A. Cook,

"Copenhagen, Denmark.

"We are proud of you. Congratulations.

(Signed) "Pittsburgh Association of Credit Men."

A copy of the cablegram was sent to President Taft.

"Move 'Em Out" is the title of a piquant story with a moral contained in the monthly "house organ" published by the Stetson Shoe Company of South Weymouth, Massachusetts. It treats the fault so common and disastrous to retailers of allowing shopworn and out-of-date stock to accumulate. The story winds up with this quaint observation, "Time never made a 'slow-seller' sell less slowly." The idea conveyed by these eight words should be engraved deep on the mind of every retail merchant.

Correspondence received at the Association office indicates that members are confusing the Memphis Adjustment Company, C. S. Dashiell, manager and attorney, with the Memphis Credit Men's Adjustment Bureau. The latter as its name implies is connected with the Memphis Credit Men's Association, while the Memphis Adjustment Company has no connection whatever with that association. The confusion is increased from the fact that Mr. Dashiell was till quite recently connected with the adjustment bureau of the Memphis association.

Every now and then members write the National office regarding concerns which evidently make a practice of ordering goods without any intention of paying for them, carefully protecting themselves against harm through civil action by keeping their stock within the exemption limits. One would suppose this kind of operation would be short-lived, but through errors of judgment and willingness to take a chance, credit men apparently ship to people of this sort plenty of goods to encourage them to continue their practices. Credit men will do their fellows a favor by notifying the National office of concerns presumed to be practicing such tricks.

One of the oldest and most loyal New England members of the National Association of Credit Men wrote a letter last month to the Association containing a paragraph which other members of long standing will be interested to read. He says:

"Inasmuch as I have personally retired from business and the Company is also now winding up its affairs preparatory to going out of business, we have no further occasion to remain as dead-wood in such a live association as yours. I therefore return your bill, and in ending my connection beg to express my appreciation of the work you have done and wish a long life and enlarged usefulness to the Credit Men's Association."

The president of a very large stove manufacturing company in St. Louis in a letter to a firm which had resigned from membership in the St. Louis association, says in part:

"I am fairly busy at all times with the affairs of my company, yet I am always ready and willing to devote such time as is necessary to any of the practical work of the association. I mention this only to show you how highly I regard it. We feel that the association has accomplished so much in the interest of its members and all business men whether they are members or not, that I feel justified in claiming that there is no organization, here or elsewhere, that does more practical work, or which is of more substantial benefit to the business community. It needs the encouragement and help that your membership will give it."

Plans are being made by the St. Louis Credit Men's Association to establish a bureau for the exchange of credit information among members who will contribute to its support and list their customers' names with the office. The bureau will be conducted under the supervision of Secretary Foote along lines similar to those employed by thirty branches of the National Association. It is felt that no association of credit men is complete without a well-established credit exchange bureau and its benefits are distinctly out of proportion to the small expense involved. The cost is nominal—the advantage great.

In the August BULLETIN was a paragraph in which it was asked that those of our members who publish at regular intervals for distribution among their trade, "house organs," use the opportunity such publications afford to urge retailers to adopt up-to-date credit methods. This paragraph has been so favorably commented upon that we are led to repeat the suggestion. The literature issued by the Association contains plenty of material which can be worked up for this purpose. Especially the bound copies of the 1908 and 1909 BULLETINS prove storehouses of material, as they cover the whole range of credit topics.

As will be noted in the September BULLETIN several associations are taking up seriously the question of establishing local bureaus for the exchange of credit information. No line of work is looked upon by the leaders in association thought with more favor than that represented by these bureaus. The forming of these bureaus all over the country should go on with enthusiasm. The administration of a local association, which can report at its termination the successful establishment of such a bureau can retire with a feeling of assurance that it has served local credit men well.

Among the schemes that are constantly being hatched out to separate the business man from his money is the "directory swindle." The plan under which this form of fraud is committed is so cleverly worked out that it is difficult to secure evidence necessary to convict the swindlers. Any proposition of any kind made in behalf of a directory, except the city directory, should not be entertained without strict investigation and further, no paper of any character presented by any one asking for directory advertisements should be signed unless you know positively that the people with whom you are entering into a contract are perfectly straight.

The Civic Federation on Uniform State Laws is to hold a conference in Washington, D. C., January 5, 6 and 7, 1910. This movement on the part of the National Civic Federation had its beginning when that organization was working to secure amendments to the Sherman anti-trust law. It was then led to see the imperative demand for uniform state laws in harmony with the federal law. There is in no sense a spirit of competition between the National Civic Federation and the Commissioners on Uniform State Laws. There is work aplenty for both bodies and even more and they need not enter the same field. But the general interest for uniformity of legislation, which both organizations are so successfully stirring up is the best sign and hope of progress.

Recent weekly luncheons of the Memphis Credit Men's Association have been made the occasion of impressing upon members the value of the information and adjustment bureaus conducted by the association's office. At one luncheon R. W. Ramsey, president of the adjustment bureau, told how fully equipped his department is to do high-class service. and at the luncheon of the next week W. B. Cleveland told of the new system being installed in the information bureau. This, he said, involves a departure from the card system to small, loose-leaf ledgers so that all merchants in a certain town shall be on one page. Mr. Cleveland said he believed this system had the advantage of greater accuracy, as it precluded the possibility of records being lost as cards frequently are misfiled. He urged every member to co-operate by reporting all new accounts promptly.

The new banking law of South Dakota which went into effect July 1st contains at least one feature which was modeled directly after the New York banking law and was emphasized by Clark Williams, superintendent of banks of the latter state in his address before the Philadelphia convention. The act stipulates that it shall be the duty of the public examiner and those in his department to take charge of banks that are in trouble in order to wind up their affairs, attend to details of reorganization or whatever may be needed to protect the interests of depositors. It means no more court supervision with delays and fat fees for receivers and attorneys, but expeditious and economical handling of the bank's affairs to the advantage only of those whose money is involved.

The August BULLETIN referred to the fact that many members of the Association are issuing monthly "house organs" which contain besides information regarding the lines of goods they handle, general matter touching the correct principles of conducting a business. The suggestion was made in this paragraph that the credit men of the house should make a point of educating the trade to higher standards of credit through these systematically distributed "house organs." The result of this notice was the receipt of a goodly number of inquiries for suggestions and literature. This is practical work and the Association office will take the greatest pleasure in co-operating with credit men for its extension.

At a special session of the legislature of Alabama just concluded, an attempt was made to pass a bill to regulate the sale of stocks of goods in bulk. Montgomery and Birmingham credit men had charge of the measure and were successful in getting the committees of both houses to report favorably. The session being special and the bill not being mentioned in the governor's call, a two-thirds vote in both houses was necessary to pass so that a more than usually thorough canvass of the members of the legislature had to be made. The result of the voting was the pas-

sage of the bill in the senate and its defeat in the house. In spite of the odds against them the results show that a very commendable fight for the bill was made and it is generally felt that the question can be taken up at the next regular session of the legislature with solid assurances of success.

William H. Hotchkiss, who was only recently appointed superintendent of insurance in the state of New York, and whose services for credit men makes him well known to members of the Association, took a leading part in the doings of the convention of the National Association of State Insurance Commissioners held during the week of August 23rd at Colorado Springs. At this convention Mr. Hotchkiss was given the chairmanship of the executive committee, the most important position from which to shape the policy of the next convention. Resolutions favoring the placing of inter-insurance companies and others like Lloyds on the same footing as stock companies were unanimously adopted. Fair-minded insurance men have for a long time felt that the companies doing business under the Lloyds method were without proper state control with the result that many serious abuses have sprung up under that name.

In writing the Association office recently regarding the bureau work of the Memphis Credit Men's Association, President King tells of the feeling of harmony prevailing between the adjustment bureau and the local collection agencies in the following language:

"So far we have handled the 'side issues' beautifully; for instance, our bureau now is handling only failure and insolvency cases, and we have the full and hearty cooperation of all adjustment companies and collection agencies in this vicinity—in other words, they leave to the bureau the adjustment of insolvency and failure cases, they relying entirely upon the live business, and when their agencies have any claims against any case which the bureau takes up they turn them over to the bureau, and cooperate with us fully and unreservedly. We repeat that we are operating without any friction whatever with agencies and adjustment companies." All this is as it should be.

In urging upon business men the necessity of throwing their active force into the movement for better political conditions everywhere, F. T. Joyner, president of the Illinois State Trust Company of East St. Louis, in a recent speech before the members of the St. Louis Chapter American Institute of Banking, used these cogent arguments:

"The leadership and education of the people should not be left to those who would DESTROY everything, any more than they should be left to those who would GRASP everything, but should rest with the great mass of honest, upright men of experience who are engaged in legitimate callings and who have a patriotic interest in the welfare of their country, to the end that true, practical patriotism may be inculcated in the hearts and minds of the people and that the people's public servants SHALL intelligently, conscientiously and faithfully administer the affairs of government for all alike—the rich as well as the poor, the high as well as the low."

A credit man in illustrating how valuable an asset is the possession of good credit standing tells the following of a man who started business with meager resources but never failed to be punctual to the day in fulfilling all his promises and took pains to keep his creditors informed of the conditions of his business from season to season:

"Four or five years ago the man started in business on his own account. He had managed stores for others for some years and his ability was well known to the trade. He had but \$900 capital, but a frank statement of his

plans and his known capability secured credit sufficient to start him in a small way. With voluntary statements of his progress and the keeping of all promises he soon secured very much larger credit lines than his circumstances warranted, so that in the second year he was carrying a large stock and owed for at least three-quarters of it. By having so large a stock, he was able to extend his business and his affairs prospered until last fall. Then a fire destroyed every business building in the town, his store and contents with the rest. His insurance and the value of the store lot were just about equal to his indebtedness. He was worse off than when he started by \$900 except one thing, *his established credit*. Now see what it did for him. As soon as the disaster became known the houses he had bought from principally, wired offers of merchandise on unusual terms and in some cases money. He put up a temporary shack and ordered goods by express, and in just one week from the date of the fire was again doing business and by being the first to get started was enabled to sell for cash, merchandise to the value of \$5,500 in the succeeding thirty days and is now in a fair way to recover all he lost in a remarkably short time."

The attention being given by the Comptroller of the Treasury and the Superintendent of the Banks of New York and leading bankers in our large cities to the problem of devising a means of ascertaining how large are the borrowings of a mercantile house from the various banks holding its obligations, is at least encouraging. On a very large scale it is in accord with the principles of the information bureau of the National Association of Credit Men. One of the difficulties met with in this movement is the fact that our banks are not all under one system of laws and in some states the power of the state institutions under their own state superintendents is quite comparable with the power and resources of the banks in those states chartered under the national government. Again it is probably fair to say that banks are less prone to give information regarding transactions with their customers than are business houses. They feel that a general knowledge of certain facts regarding their dealings might induce other bankers to compete for their customers. Yet there can be no question, as a leading editor recently has said, that, "the banks should give every possible countenance and encouragement to the formation and maintenance of the most efficient instrumentality that can be devised looking to speedy access to correct intelligence as to the record everywhere of every person or firm on the strength of whose name—whether as the primary obligant or party secondarily liable—they are asked to lend their money. The bringing together of information from all dispensers of credit, whether mercantile houses or financial institutions, would have the dual effect of revealing unsoundness where it exists and driving frauds and 'repeaters'—not to say, incompetents—out of business, and of giving due latitude to fully merited confidence as attested by the archives of those interested."

The National Association of Credit Men wants to possess that influence which can belong only to an organization whose membership list bears the name of every first class banking house, jobber and manufacturer in the country. Such an organization can accomplish any reasonable object it sets out to reach. If you hold membership in an affiliated branch, co-operate with your officers to build up that branch of the Association; if an individual member send to the National office names of banks or houses whose alliance is desirable.

Notes Furnished for a Commission to Those Who Wish to Increase Their Credit at the Bank.

The *Financial Age* of August 30 contains the copy of a letter which several members of the Association have received. The letter is issued

in "strict confidence" and contains remarkable offers which every sane business man will declare the most brazen ever presented him. The letter with the editorial comment of the *Financial Age* is here given as follows:

"LETTER.

"SUBJECT—FINANCIAL ACCOMMODATION.

"DEAR SIR:—

We are submitting you in the following, in *strictest confidence*, a proposition which perhaps will interest you.

Your bank probably discounts only a limited amount of your own notes, and if you want to borrow more money you will be required to offer your customers' notes, or so-called "bills receivable."

If you do not get a sufficient amount of such bills receivable in the regular course of trade, we will procure them for you in either of the following ways:

No. 1. EXCHANGE OF NOTES. We will connect you with other responsible firms in your line of business for the purpose of exchanging notes, which will furnish to both parties the required bills receivable.

No. 2. LOAN OF NOTES. We have certain clients who will loan you their notes for a consideration of 5 per cent. from the face value, plus our commission charges, and no further responsibility on your part.

No. 3. JOINT DISCOUNT.

(A) We will furnish you with notes which you will have discounted and give to the maker the benefit of a certain share of the proceeds (from 10 per cent. to 50 per cent., subject to special arrangements) with the understanding that each party will contribute his share of proceeds received towards payment of the paper at maturity.

(B) We can have some of our clients discount your notes on the same basis, which will relieve you of the necessity of asking favors from your own bank.

Our charges for commission will be as follows:

Proposition No. 1 and No. 2—2½ per cent. from the face value of notes for first deals, and 1½ per cent. for each subsequent renewal.

Proposition No. 3—2½ per cent. from your share of proceeds received, and 1½ per cent. for each subsequent renewal.

All our clients are *well rated and responsible firms*, and you will be given every opportunity to investigate their standing before doing business.

All questions will be answered promptly.

We will treat any communication from you in *absolute confidence*.

Trusting to hear from you in any event, we remain,

Yours very truly,

(EDITORIAL COMMENT BY THE "FINANCIAL AGE" ON THE ABOVE LETTER.)

"MUCH OF THE COMMERCIAL PAPER OFFERED FOR DISCOUNT NEEDS
THE 'ACID TEST.'"

"Elsewhere in this issue is exposed a most unblushing proposition designed primarily to entrap nefarious gains for its authors, at the expense, however, of banks having discounting customers unprincipled enough to abuse the confidence reposed in them by the management.

The attempt at fraud (for in the deception whether the paper offered for discount be good or bad, there is palpable fraud) suggested by the proposers of this method of hoodwinking banks is novel in daring and effrontery rather than in essence, for there have been crooks operating

along similar lines for years, even advertising openly in the financial and business-opportunity columns of the city dailies.

The elder among our bankers will recollect a concern calling itself Brayer de Pennevet & Company which, for a consideration, helped along the needy by loans of 'foreign exchange' of their own manufacture, payable abroad in sixty or ninety days.

Needless to say such exchange, though the acceptance of the concern's accomplice correspondents on the other side was upon it, unless covered before maturity by flying another such kite, was never paid and the confiding foreign exchange dealer who bought it was of course victimized.

This swindle worked fairly well in days when there was an odor of sanctity about all foreign bills.

More recently, domestic commercial paper—some of it genuine and more spurious—has been the vehicle of wholesale swindling.

Shortly after Russell A. Alger retired from the Secretaryship of War in President McKinley's Cabinet, there were offers galore to exchange paper with his Detroit firm by a nest of crooks, who had headquarters on lower Nassau Street and showed apparently genuine letters from the Detroit lumber concern—whose rating was of the highest.

It was verbally explained by those posing as brokers that the concern could use a half million or so advantageously 'in getting out logs,' etc., and having unlimited discountable facilities, but not sufficient discountable paper, they stood ready to borrow well-rated notes and to discount such at their banks, sharing the proceeds with the lenders of the notes. Possibly there was no warrant for the use of Mr. Alger's firm's name, but on the strength of it concerns known to sell their paper from time to time were approached.

Not long ago, a reputable concern at Red Bank was induced to part with a large amount of its paper and, getting nothing in return, had to go into bankruptcy when it matured.

The very fact of such happenings is proof that bankers are not sufficiently alert.

It is by some considered good business to fool a bank.

No one is entitled to have paper discounted for him such as would not be created in his favor in the direct and natural course of his business, and where paper other than such is tendered for discount the fullest verification should be had.

There is probably far more artificial, or accommodation paper afloat among the banks than they have any conception of. A plausible foundation for a note should not be sufficient.

It is easy for the person tendering it to explain away an apparent inconsistency by claiming to have sold to the maker, or some other who had come by that maker's paper, something even remote from his own line of wares, such as discarded machinery—or what not.

How dangerous are the machinations of these arch-crooks who, by timely offers of financial aid in the form of exchanges or loans of discountable paper, establish relations of confidence, every banker will readily realize.

Paper offered in cities distant from its domicile-proper should be particularly scrutinized.

Makers of notes never expect to have to pay any for which they have not had full value, and this maxim applies even to high-grade names, hence it is that accommodation paper is the wise banker's abhorrence, for he well knows that promissors think they do well if they protect the

paper the discounting of which has to the fullest extent benefited themselves.

Bankers therefore need, beyond all others, to be panoplied in precaution, to make haste slowly—to be 'wise as serpents and harmless as doves.' ”

The Influence of Trade Papers in Urging Attention to Credit Matters.

The Association office receives monthly a vast number of publications, mostly trade papers, in which it is noted that the editors show a growing tendency to urge the attention of retailers to the necessity of giving good heed to their standing in the trade. Just as men need to be directed over and over into right lines of action in their moral lives, so the trade paper knows that men must be constantly warned against abusing their reputation for honorable conduct in business dealings. The following taken from the "Farm Implement News" illustrates the good teaching retailers all over the country are getting through the various trade papers:

"Dealers who are worthy of credit, but unknown to a wholesale concern from which they are seeking credit, make a serious mistake when they refuse to comply with a request for a statement of their assets and liabilities, whether such request comes from the seller direct or from a commercial agency. When a dealer refuses to make a statement a searching investigation is made. Other wholesale concerns, bankers, attorneys and competitors are asked for information. Among the first named there may be one with whom the dealer has quarreled over a settlement, and although the dealer may have been entirely reasonable in the position he assumed, he is likely to be branded as one who makes unjust claims. Competitors with whom he is on unfriendly terms may 'queer' him with faint praise.

"On the other hand if he submits a frank statement of his affairs and names as references, manufacturers and jobbers with whom he is doing a satisfactory and agreeable business he will be granted credit on his merits. It is not sufficient for a dealer to say that he pays his bills when due or that he discounts all of his bills. The seller from whom he asks credit is entitled to a complete statement of his assets and liabilities in order that he may determine his net worth as a credit basis. Refusal to submit such a statement never made a penny for any dealer."—*Farm Implement News.*

A New Work on the Law of Trustees in Bankruptcy.

Albert S. Woodman, of the Maine bar, is the author of a treatise on that important functionary in the bankruptcy system, the trustee in bankruptcy. This subject has never before been separately or thoroughly treated in any of the several books on bankruptcy. The author aims to present for the guidance of trustees practical suggestions which are the outgrowth of experience. Needless to say, varying and unforeseen circumstances are constantly confronting the trustee in the performance of his duties, and he will be grateful to have accessible a volume which will help him over all sorts of difficult places which may arise.

The author has had long experience in practising before the bankruptcy court, which ensures a work of high practical value. His paragraphs regarding the adoption of precautionary measures for the benefit of an estate and for the protection of the trustee are especially striking.

The text is supplemented with copious notes and authorities, with numerous excerpts from the opinions of the cases cited. The publishers are Little, Brown & Co., Boston, Mass.

Important Notice.

Members who have had communications with H. J. Carwile, Ashland, Ala., York Mercantile Company, York, Ala., and J. Morse or R. H. Duncan, Petersburg, Tenn., should get in touch at once with the National office.

BANKRUPTCY LAW AND PEACEABLE SETTLEMENTS OF BUSINESS FAILURES.

BY HAROLD REMINGTON, OF CLEVELAND, OHIO, IN THE YALE LAW JOURNAL.

A remarkable feature of the financial stringency of last year and its resultant industrial depression, from which we are now happily emerging, was the comparatively little increase of litigation over mercantile failures occasioned thereby. Naturally it would be thought the courts would have become clogged with a multitude of insolvent estates, as one business house after another became involved in financial difficulties. On the contrary, it was remarked with surprise that in most sections of the country there was by no means any great increase in litigation concerning mercantile failures. Such a condition is decidedly unprecedented. It was not thus during the industrial depression of 1893. During that depression the courts were crowded with insolvency litigation.

The chief causes of the exceedingly satisfactory condition during the present period are to be found where commonly they would not be looked for, namely, first, in the existence of a national bankruptcy act, prohibiting the giving of preferences by insolvent debtors and annulling levies of legal process on insolvent estates by creditors; and, second, in the existence of well developed organizations of credit men and kindred associations throughout the country, who have been acting under the wing of the bankruptcy law, in bringing about settlements and commercial readjustments out of court in cases of failure.

The last report of the committee on bankruptcy laws of the National Association of Manufacturers contains some striking observations on the relation of the bankruptcy law to the recent panic. That report says:

"During the miniature reign of financial terror in the last ten weeks of 1907 the national bankruptcy act of 1898 stood guard over the business interests of the country. It counseled patience, tolerance, balance. Many thousands of worthy men were saved by it who, if it had been absent, would have been forced into insolvency and ruined. By heading off all summary seizures of the debtor's property by legal process, this law gave him time to realize on his outstanding accounts, allowed him a chance to get accommodation from the banks, and thus cleared the way for him gradually to meet all his obligations, or to meet all that was possible for him to meet. The old time incentive for any particular creditor to rush in ahead of all the others and get an attachment on the debtor's property being absent, the old time temptation for the debtor to grant special favors to any creditor being lacking, and the old time opportunity for the dishonest debtor to make fraudulent transfers of his property being removed, the law granted a square deal to all the creditors, enabled the debtor to lay his affairs candidly before all of them, and gave all of them an interest in permitting him ample time to make the best possible settlement with them. Under the protection of this beneficent statute the debtor escaped needless harassment, his estate was saved from the vexatious litigation and heavy court expenses of the days immediately previous to its enactment, and in the vast majority of instances all the creditors obtained one hundred cents on the dollar. In this way the area of the financial disturbance was narrowed, the destruction was materially diminished, and the return of business confidence and the renewal of prosperity will be hastened."

Likewise the last report of the National Association of Credit Men contains interesting testimony to the same effect. In this report the committee says:

"In connection with this part of the committee's work its attention has frequently been called to statements in which the bankruptcy act has been made to appear as an instrument for the propagation of fraud. Such statements should not go unchallenged, evidently being made at random and without a true knowledge of existing conditions. Your committee asserts without fear of contradiction that commercial fraud will always exist with or without a bankruptcy act upon the statute books of the country, and further asserts that no remedy at law has ever before been given to creditors so far-reaching as the present law in the opportunities it affords for stamping out fraudulent practices.

"In closing, your committee expresses the opinion that the existence of a bankruptcy law upon the statute books had a far-reaching and most salutary effect in the early fall of last year [1907] when every sign indicated that the country was on the verge of a disastrous and widespread financial panic. The law undoubtedly stayed the hand of many an anxious creditor who, unable to secure a preference to himself, joined in extending help to his embarrassed debtor, thus tiding over many a deserving business man."

The last decade has witnessed the growth of a new force in the credit world, the growth of various large associations of merchants, manufacturers and also of credit men, having for their common objects not only the spreading of better acquaintance and the interchange of ideas among business men of the particular class concerned, but also the bringing about of a better co-operation among the creditors in case of a debtor's failure, the promoting of frankness on the debtor's part towards his creditors and the instituting of prosecutions of fraudulent debtors and the stamping out of fraudulent practices. These organizations in the various lines of industry and in various fields—among some of the most powerful of which are the National Association of Credit Men and the National Association of Manufacturers, etc., from whose minutes the extracts above given were taken—number their members now by the thousands and form a quiet but powerful force in the larger commercial communities. Besides their other functions, almost all these organizations take up the practical subject of the giving of trade credits and the legal matters incident thereto. They lobby for the enactment of better laws in relation to commercial dealings. Finally, whenever a merchant becomes insolvent at once their special bureaus become active; creditors are called together, the debtor is brought before them, explanations are demanded, and then follow discussions of the best way to minimize the loss and to extricate the parties if possible from the common disaster. Most of these associations have standing committees whose duties are to investigate business failures, to take action in cases of fraud, and in other cases to devise possible settlements of the estates in a manner economical and advantageous to all concerned. The value of the movement among business men can hardly be overestimated. It marks a decided step forward in business morals and behavior. It looks toward peace and rational conduct in the emergency of business failure.

All this has been rendered possible, as will readily appear, solely through the existence of the federal bankruptcy law. The distinctive feature of bankruptcy law, other than its celerity of procedure and its drastic examinations of bankrupts and others, is the protection it throws about the insolvent estate, to prevent its depletion. Its peculiar object is the protection of the insolvent debtor's estate from seizure by one creditor to the exclusion of other creditors, and from the giving of preferences therefrom by the debtor to one creditor over another. Its underlying theory evidently is that, so long as a merchant is solvent he is

doing business on his own money and may do with it as he will, but the moment he becomes insolvent he ceases to be doing business on his own money—he has spent his own—and is beginning to do business upon his creditors' money. From this premise it necessarily follows, in theory, then, that the remaining assets in the debtor's hands are the property of his creditors, for whose benefit he merely holds them. The law does not say so in very words, but in the philosophy of the law and in economics some such theory must certainly lie at the basis of the peculiar protection thrown about the insolvent fund by the bankruptcy law. Therefore it is that the debtor, when he becomes insolvent, is prohibited by the bankruptcy law from making transfers to one of his creditors of more than that creditor's proportionate share; that is to say, it prohibits "preferences." by permitting their recovery from the creditor preferred—if bankruptcy follows within four months. Thus it is, also, that the law renders nugatory the seizure under legal process by one creditor of any part of the insolvent estate within the same limited period before bankruptcy. These are the only rights and remedies conferred by the bankruptcy law that are peculiar, and they are conferred precisely in order that insolvent estates may be administered for the creditors as a whole and not be given over to one or two who may be preferred by the debtor or who may resort to legal process before others.

This explanation of the objects and operation of the bankruptcy law makes plain how essential to the successful action of these great organizations of business men in their work of amicable adjustment of failing debtor's affairs is the existence of the law. During those periods in our history when we have had no bankruptcy law, mutual confidences between debtors and creditors were impossible and likewise was impossible any cooperative action among creditors themselves. Insolvency always meant lawsuits. If one creditor had suspicion that a debtor was about to fail, immediately such creditor would rush to court and levy an attachment or execution. Then would begin a mad race for precedence between executions, attachments, etc.—between the sheriff, receiver assignee and mortgagee—to see which one would get possession of the debtor's property first, the receiver frequently finding upon arrival that he was forestalled by the sheriff under a levy or by some preferred mortgagee or assignee placed in possession by the debtor. In those days there was no possibility of cooperation among creditors, no incentive to a frank recital by a debtor to his creditors of the true condition of affairs, no chance for peaceable adjustment. Each creditor was eyeing the other, ready at a moment's notice to rush in ahead of them. It was the unmitigated reign of the "Survival of the Fittest."

Under the stern rule of the bankruptcy law however, this wild scramble for precedence has ceased and cooperation among creditors has become the order of the day. This change was particularly manifest during the financial depression just passing. Instead of creditors rushing to the courts, instead of debtors giving preferences, debtors and creditors alike have assembled in meetings, and there the debtor's books have been examined, his resources been inquired into, he and his creditors have consulted together; and in numberless cases, readjustments of his affairs have been effected upon a basis satisfactory to all without court proceedings and with mutual good will.

Utopians have pictured to us a society where the laws were so plainly written and plainly just, so truly in harmony with the mutual wellbeing of the community and individual, that they were self-operating, having the common assent and appreciation of all. Such is coming to be, in a partial degree, at any rate, the recognized relation of the bank-

ruptcy act to the business community. The bankruptcy law has been in quiet but efficient operation all the time in the midst of the commercial failures of the last year, staying the hand of the creditor from the effort to gain advantage over his fellows and bringing about a rational and business-like settlement of affairs between the debtor and his creditors; yet, during all that time the courts have not been called upon materially to increase their operation on this account, so certain and well recognized are the prohibitions of the bankruptcy law.

The true place of national bankruptcy law in the community has been little understood by the people at large; although it is true that the different associations of business men of the country have been most widely awake and keenly appreciative of its influence and operation, through whom a more adequate conception of its benefits to the commercial world is gradually being developed.

The bankruptcy law is commonly considered to be merely a temporary law, devised for enactment at periodical intervals, with the object of freeing the accumulation of insolvent debtors from the burden of their debts; but such is a wholly inadequate idea of the place and function of bankruptcy law. Indeed, release from debts was no part of the original bankruptcy jurisprudence of England from which our own was derived, but was an incident added in the course of later development. Bankruptcy jurisprudence was half as old as it is to-day, and it is now, as a system of jurisprudence, nearly four hundred years old, before there was any thought in it of granting debtors a discharge from their debts; and then discharge was only granted on the condition that the debtor had honestly and faithfully turned over all his assets and disclosed all his transactions to his creditors. The object of bankruptcy law in the beginning was solely the protection of the creditor. It began when men began to do business on credit. It arose out of the necessities of the credit system and has developed as that system has developed; and to-day is its chief bulwark and stay.

In our own country it was part of the original concept of the framers of our constitution itself that bankruptcy laws should be the subject of national, not state, legislation. Not as an afterthought not in any of the amendments of the constitution, but in the very first article of the body of the constitution, itself—indeed, in the eighth clause of the first article of the constitution—it was provided that "Congress shall have power to enact uniform laws on the subject of bankruptcies throughout the United States." It was seen even at that early period to be essential to the stability of business and commerce that the subject of insolvent estates should be controlled by Congress, by the general government. This was one of the things concerning which there never was any doubt. Whatever doubt there was about slavery, about states rights, about interstate commerce, etc., etc., there never was any doubt that the administration of insolvent estates was a subject peculiarly proper for Congress to control under uniform laws throughout the entire country.

To these two forces working together, the bankruptcy law and the associations of business men mentioned working under the protection, we may expect, so it seems, still further progress in the direction of sane and sensible action in regard to insolvent debtors and of rational and friendly adjustment of their affairs.

Analyzing Commercial Borrowers.

In discounting or purchasing paper the question of analyzing the condition of commercial borrowers is always pertinent to banks, and while space and inability preclude my giving the topic more than brief

and elementary treatment, I trust this presentment is not uninteresting. In many banks, it must be admitted, the matter is looked upon as a tedious process of doubtful expediency and, when not entirely ignored, is more or less slighted, with the net result that but here and there do we find credit departments or anything in substitution adequately supplying an absolute necessity in all banks, viz., a reservoir of easily accessible, comparatively tabulated, informative information. To a great extent, it is true, the expense of adopting the systems generally in use in the large cities, which involve various files, indexes and accessories, and require much space and labor in their operation, has doubtless persuaded the smaller banks to await the offering of an inexpensive and simple way of recording the various analyses.

As a simple method of credit reference, forms one and two represent a sheet for a loose-leaf cashier's desk-size ledger. A glance permits comparisons of a borrower's statements by totals, groupings or individual items. This form will certainly hold and retain more information, and in a more explanatory and suggestive setting, than a cashier's eye or memory. It will not overlook increases or decreases, nor fail oftentimes to plead the wisdom of your bank being given the benefit of the doubts, which some tabulated comparisons obtrude upon the mind.

The composition of net worth is arrived at by listing the poorest assets, beginning with the poorest and continuing upward in the schedule of gross assets until and into so much in amount only of the last asset needed to be taken, as will, when added to the assets listed below it, total the amount of net worth. The untaken part of the asset which contributed the balance needed to make up net worth, when added to the remaining assets listed above it in the schedule of gross assets, will total the amount needed to pay the debts, and under any process of debt liquidation by a *going* concern, these last-mentioned assets would be the debt-paying assets and would exhaust themselves in the order of from top downward.

By so much as they fail to pay the debts (shrink from their statement-estimate values), net worth supplies the deficiency, in sacrificing in the order from top downward its items each in turn toward payment of the debts—continuing until all debts are met or until inability to keep going upon the then remaining assets (insolvency) ends the process of liquidation and we have a non-going concern, a proposition irrelevant to this article.

Since the ability of a borrower to liquidate partially or wholly is entirely dependent upon the position (the nature) of his assets, and not necessarily at all upon the amount of his net worth, it behooves lenders on unsecured paper to waste little time in thinking over what a man is said to be worth, but it does behoove them to spend a reasonable time finding out into what sort of things the net worth has become invested, likewise analyzing the sort of things into which that other part of a borrower's gross worth—his creditor's dollars—the liabilities—has become invested.

To indicate how considerably the desirability of a borrower's account can be affected by a shifting in his assets, the reader is referred to Form 1. It covers a five-year analysis of the same borrower. The figures are fictitious but not overdrawn. Such examples are frequently met with in credit departments. While in the second year the borrower has increased his capital \$3,380 the proportion of quick assets to debts has declined from about one and one-half to one to about one and one-third

FORM 1.

The Tickner Credit Ledger, Manufactured by the Rand Co., North Tonawanda, N. Y. Patent Applied For

		Borrower's Statements					
		6/30 1903	July 1 1904	7/1 1905	6/30 1906	6/30 1907	
Liabilities	Notes to this Bank	19600	18	28	26	35	
	Notes (borrowed money) due others						
	Notes for Merchandise	67754	58856	102514	91420	43044	
	Owe on Accounts Merchandise					30914	
	Current Liabilities	87354	76856	130514	117420	108958	
	Mortgage Debt	50	48	45	40	35	
Gross - Assets	Miscellaneous						
	Net Worth (Excess of Assets over Liabilities)	89348	92728	92670	85722	75683	
	Cash	226702	217584	268184	243142	219641	
	Customer's notes on hand	7192	11124	4926	8144	5972	
	Customer's accounts	71268	62504	110442	95688	65602	
	Raw Material						
Net - Assets	Merchandise finished	45778	19482	41980	21178	25963	
	Merchandise unfinished						
	Quick Assets	124960	103792	157602	125010	96301	
	Clear Real Estate						
	Equity (in Mortgaged Real Estate)	90	100	100	100	100	
	Machinery						
Contingent Liabilities	Fixtures	11742	13792	10582	12692	17900	
	Miscellaneous				5440	5440	
	Customer's notes		7454				
	Customer's accounts						
	Raw Material						
	Merchandise finished	37606	19482	27088	7590		
Contingent Liabilities	Merchandise unfinished						
	Net - Quick Assets	37606	26436	24088	7590		
	Clear Real Estate						
	Equity in mortgaged Real Est.	40	52	55	60	2 2	
	Machinery						
	Fixtures	11742	13792	10582	12692	17900	
Contingent Liabilities	Miscellaneous				5440	5440	
	Net Worth (Customer's Assets Deducted in this Book Balance of Contingent Liabilities)	89348	92728	92670	85722	75683	

FORM 2.

The Tickner Credit Ledger, Manufactured by the Rand Co., North Tonawanda, N. Y. Patent Applied For

		5%	Jobber 6%			
		manufacturer	Borrower's Statements			
		Jan 1 1907	19	19	Mar 1 1907	19
Liabilities	Notes to this Bank					
	Notes (borrowed money) due others	40 5000			310000	
	Notes for Merchandise					
	Owe on Accounts Merchandise	104 054			299 496	
	<i>first charges</i>	5402				
	Current Liabilities	514 456			609 496	
	Miscellaneous					
	Net Worth { Excess of Assets over Liabilities	119 1795			1250 477	
		1706 251			1859 973	
Gross - Assets	Cash	5155			66 745	
	Customer's notes on hand				7401	
	Customer's accounts	63 2589			854 226	
	Raw Material	215 238				
	Merchandise finished	118 348			667 063	
	Merchandise unfinished					
	Quick Assets	99 1330			1600 435	
	Clear Real Estate	127 374			224 700	
	Equity (in Mortgaged Real Estate)					
	Machinery	580 078				
	Furniture	7469			34 838	
	Miscellaneous					
		1706 251			1859 973	
Net - Assets	Customer's notes					
	Customer's accounts	143 288			3238 77	
	Raw Material	215 238				
	Merchandise finished	118 348			667 063	
	Merchandise unfinished					
	Net - Quick Assets	476 874			990 940	
	Clear Real Estate	127 374			224 700	
	Equity in mortgaged Real Est.					
	Machinery	580 078				
	Furniture	7469			34 836	
	Miscellaneous					
		119 1795			1250 476	
Contingent Liabilities	Net Worth					
	Customer's Notes Discounted on this Bank					
	Balance of Contingent Liabilities					

to one, and the loan, although approximately, is not actually as desirable as in the first statement.

Placing the matter in another way, compare the last and first statements, and you find that the loss of \$13,665 in capital, while well worth consideration, is not the most important fact disclosed. Without a credit sheet we might be able to see only far enough to note that small change in the borrower's affairs—that he had shrunk somewhat. With a credit sheet we find the vital disclosure to be that the borrower has shifted \$50,263 in his assets and liabilities and shifted into such a position that he is insolvent actually, if not legally, the latter depending always on the banker's judgment of and leniency with credits.

The statistics of bank failures due to bad loans not only show up the banker as a tenacious optimist on his own credits, but they speak eloquently of the courtesy and sagacity of mercantile creditors in frequently stepping aside to permit banks unconsciously to assume the rôle of head nurse to insolvents. To resume, the borrower has \$21,604 more in current debts, and has \$28,659 less in quick assets, a total of \$50,263 so the borrower is worse off, liquidly speaking.

The schedule of net assets uncovers this \$50,263:

Invested in an increased equity in real estate to the extent of...	\$25,000
Invested in an increased fixture, etc., account to the extent of..	11,598
Invested in an admitted loss to the extent of.....	13,655

For the purpose of illustrating another valuable feature of comparison, the writer has analyzed (altered figures) two different borrowers in Form 2. These names some time ago were in the commercial paper market of northern Pennsylvania—the first a manufacturer, the second a jobber, of similar lines. I admired the broker's nerve in offering and skill in selling both names the same territory at a rate of $5\frac{1}{2}$ per cent. for the manufacturer and 6 per cent. for the jobber. The reader will not gainsay the nerve or ability when he ponders on a few of the facts disclosed in the tabulation.

In net worth the concerns relatively are but \$58,681 apart; but the jobber paying 6 per cent. for loans has twice as much excess quick assets and has but \$260,000 all told in fixed (slow) assets, whereas the $5\frac{1}{2}$ per cent. borrower has \$714,921 in slow assets. Aside from that, comparing cash on hand and amounts owed, we find that while the 6 per cent. borrower owes \$100,000 more, he also has \$514,065 more in quick assets with which to pay it.

Of course, steady borrowers become more widely known in the commercial paper market and, on account of more frequent sales, may merit especial solicitude from the broker. This, however, it would seem, should take the form of reduced commissions rather than offering the poorest paper at the lowest rates.

When a borrower's condition is definitely mapped out, as per Forms 1 or 2, and presented to the mind's eye, plus reasonable inquiries as to the concern's paternity and recent history—is the judgment apt to go far astray in deciding on rates or as to whether a few thousands of your depositors' dollars should join the outfit or stay out? Certainly not!

In conclusion, is it reasonable to suppose that the head or memory can observe, think out, or retain as many facts and changes as a credit analysis sheet? Conceding that they can (and there are doubtless some cashiers not unlike the bank clerks who "knew they could foot faster than the adding machine"), what's the use of using brains for a ledger? Paper

records are cheaper, more accessible, more positive and last longer. You would not use brains to record deposit accounts, would you? Of course not! Then why not use a ledger for recording the annual status of your commercial borrowers?—*Trust Companies Magazine*.

NO CREDIT MEN'S ASSOCIATION IS COMPLETE WITHOUT A BUREAU OF INFORMATION.

BY S. D. BUCK, SECRETARY OF THE CREDIT MEN'S ASSOCIATION
OF BALTIMORE.

The Credit Men's Association is no longer an experiment but a fact. It has come to stay, and has taken a position for good with influence second to no other organization in the land. In fact, it is the largest commercial association in the United States. Go back over the past, look down the vista of time and see what has been accomplished. Only a few years ago the seal of secrecy and the silence of tongue was upon the lips of the credit man in every office. Credit men in all branches of business gave information sparingly and grudgingly, blind to every idea of reciprocity. The one idea of secrecy as to the standing of a customer was uppermost in the merchant's mind, his ledger was a sealed book and he had a selfish desire to keep from his neighbor all information, guarding his customers as a Spartan guards a prisoner or a master his slave.

What do we see to-day? The seal of the sacred ledger has been broken, the still tongue of its keeper has been loosened and the closed lips speak. The merchant's ideas have expanded by the interchanging of opinion and information, and the giving has brought more than the getting, thus is proven the biblical fact that it is more blessed to give than to receive. Such being the case, the merchants fill the Bureau of Information with their experiences with different customers, and the sheep are thus separated from the goats. The merchants who do not pay their bills become known. Merchants reap from the sowing, not of a handful of seed of their own but from the accumulated sowing from the garner of their fellow-merchants; reaping much where they have sown little—getting bushels instead of pints.

The best possible reference on a customer is the page of the ledger of the seller, and the best source of this information is to be found at the office of your Bureau of Information. To show you the advantage of a Bureau of Information I will state two cases out of many; first, a party called at our office for information or reference on a merchant and we gave him about fifteen or eighteen references. A few days later he told me he had looked up the party thoroughly. He had gotten three references from his salesman upon which he would have shipped the goods without hesitancy, but upon inquiring from the members of our bureau to whom we referred him found several parties were suing; also, that the merchant was a very unsatisfactory customer and drafts and letters were not given any attention. Of course, our friend declined to ship.

Another instance is that of a member who inquired on a party in South Carolina in 1907 and sold him goods on the reports he received. He did not inquire in 1908 or 1909 when he received orders. Had he done so he would have learned that the South Carolina firm had gone back in its credit, was being sued and refused credit, and that drafts and duns were being satisfied. The party has since failed and our member

is caught with a large bill. Had he not overlooked inquiring at the Bureau of Information in 1908 and 1909 he would have saved the bill.

We have numbers of cases where parties build up their credit by keeping good accounts with a few houses and order goods promiscuously by referring to those houses and in the end a large amount of money is lost by this iniquitous practice. It is a scheme, plain and simple, to rob.

The surest way to lose a bill is to doubt your credit man or for him to doubt his own judgment and call for a consultation of the firm and then ship on this doubt. You lose the bill or collect at the end of litigation or a compromise, and the usual penalty of 10 per cent. You who select your credit man, whether from the firm or ranks, give him your confidence. Never nag him when a loss comes or when he makes a mistake by refusing a good risk. In giving him your confidence throw about him the best methods of getting information. You have Dun or Bradstreet, likely both. Add to this the accumulated information in the bureau of your Credit Men's Association, where you get the fullest history of the buyer. Then I say to the credit man—use your own brain. Do not trust to an agency report, as it may be hoary with age, nor to the salesman, for it is his friend who is under discussion; nor to an attorney, for he is likely to be a neighbor, and although ever so honest will lean to his friend and perchance visions of 10 per cent. may bias his judgment.

All of these sources of information are good as far as they go, but the figures in your neighbors' ledgers are better—"they lie not." I have a high opinion of the agencies, for their information is most valuable; and I am not willing to say what a friend (a credit man) of mine said: "The agency report will do to refuse on but not to ship upon." Look further and get corroborative evidence. Salesmen have my sympathy. They are as honorable as any other class of men, but it is dangerous to trust the judgment of a man who sells the bill whether salesman or member of the firm. Deciding a credit is as cold-blooded as a Drum-head Court Martial, for facts, not feelings, must rule. Yet, you can refuse a risk with a warmth of sympathy that will make the buyer your friend. Remember the small dealer of to-day may be the merchant prince of to-morrow. Kindness and gentleness are never lost, but often become the links in the chain that fastens man to great deeds of success or friendship in life and they carry their own reward whether profit or pleasure.

How to organize a Bureau of Information is the question. Senator Sherman was asked how to resume specie payments, and his laconic answer was, "Resume." The Credit Men's Association has been a great benefit to the mercantile community, but, now that it has taken on other adjuncts, the Bureau of Information, Adjustment Bureau, and in some localities the Draft System and Letter System, it has so broadened its usefulness that it has become a necessity. The merchant who fails to derive benefit from its working proves he has not given it a fair trial or that he is prejudiced. I have the first man to meet who, after availing himself of our methods, was dissatisfied. No credit association is complete without the Bureau of Information. An association without a bureau of information is a good thing half finished, only half built and its usefulness minimized. I insist that the Bureau of Information should be started, then add the adjustment feature, for in this way you have a perfect machine ready for use. When a failure is reported to the Adjustment Bureau refer to the files of your Information Bureau and you have before you a list of creditors and can get in communication

with them at once without beating the bushes to find them. Call the creditors together and map out the work before you. The beginning of a bureau of information is simple.

Buy a case with eight or ten drawers to carry a card about 3 by 5, then buy ten or fifteen thousand cards, or more if you need them, at seventy cents a thousand. Select the member who has the largest number of customers on his books, and have him write a card for each customer with name and address as near the top of the card as possible. Give each member a number. When the card from the first member comes in, file it in the case alphabetically according to states and towns like Bradstreet and Dun. Then get a list of customers from your next member or have him write cards if he prefers; then turn to your case, and where you find No. 1 is selling the same customer add the next number to No. 1 card and destroy the second card, and so on through the list. This is perfectly simple, and if you will have rubber stamps made with numbers from one to one hundred (which will cost about eight cents apiece), you will have an outfit to work with. As one case is filled take up another and add to it, transferring the drawers from case to case, keeping the states together.. Baltimore now has in its cases 300,000 cards and an average of five references on each card.

As I said before, the Credit Men's Association is in its infancy. Ten years from now it will be one of the most valuable adjuncts ever introduced in the mercantile system; in fact, it is now. The seller will know the honest and prompt buyer and those who live by the profit in failures will be weeded out and the merchants can afford to help the honest, upright dealer. What we need is heart co-operation on the part of members, free interchange of information between sister associations. Some fixed charges should be agreed upon and the creditor interested should pay expenses and no part of it should fall upon the association. For instance, the member who has no interest in a failure should not be taxed for the benefit of the interested creditors and the disposition on the part of creditors to let expenses fall on the association should be overcome unless they have a fund for that purpose. The small charge of membership fee will not justify this expense. Another important factor to success is getting closer together and giving full information as before stated. Some associations have built a wall around their cities and their information bureaus, and are like the old man who prayed through his selfishness—"O Lord, bless me and my wife, my son John and his wife, we four and no more."

Get out of this shell, throw open the door and get the reciprocity idea, and you will find in a few years that your losses will decrease and your profits increase by having cut out the undesirable customer. Let the merchants who pay their bills supply the consumer, and not the wild-cats who settle periodically at 25 to 35 cents. Your bureau system will accomplish this. Then, add to this the draft and letter system. These will save an immense amount of money for your members. By reference to the bureau you will find many delinquent debtors reported by members, and if our plans are carried out this will be invaluable to our membership. When our dunning letters are not answered the member sending them reports the same to the office and this notation is made on the card and every draft that comes back unpaid is also noted on the card for the benefit of the next inquirer.

Now, one word about the Bulletin of the National Association. The credit man who fails to read the BULLETIN neglects an important feature in his business, and reminds me of the professor who employed an Irishman to take him rowing. The professor turned to the Irishman and

asked him if he understood French. When he answered in the negative the professor said, "You have lost one-fourth of your life." Then he asked him if he understood Greek. When the Irishman replied, "No," the professor said, "You have lost half of your life." "Well, do you understand Latin?" "No." "Then you have lost three-fourths of your life." Just then a squall struck the boat and it was upset. The Irishman turned to the professor, and said, "Can you swim?" The professor said, "No." The Irishman said, "Be jabbers, you have lost all of your life." Such is the fate of the credit man who does not read the BULLETIN and profit thereby.

A Letter from Utah Regarding Extension of Insurance Education.

At the regular August meeting of the Utah Association of Credit Men a discussion took place regarding the best ways and means of distributing the Association's fire insurance pamphlets, mention of which has been made of late very frequently in the BULLETIN. At the conclusion of the discussion Manager Forrester of the Association was asked to write an account of the meeting for publication in the BULLETIN with the hope that it would call forth opinions of credit men and organizations in different parts of the country regarding the distribution of these pamphlets. Manager Forrester says:

"We feel that these fire insurance pamphlets are very valuable to have the retail dealers carefully read, but thought it best to devote our efforts in the first place to all merchants who do not carry any insurance at all and those who carry a small insurance in comparison with their stocks of merchandise.

"The members of the Utah Association of Credit Men cover a territory comprising Utah, and parts of Idaho, Wyoming, Nevada, Montana and New Mexico. We do not know what arrangements other associations are making for getting this literature into the hands of retail dealers and will be pleased to have you give this letter as much publicity as possible, as we are desirous of learning what action other associations are taking to get this literature properly distributed.

"We feel that if our members distribute the literature themselves that a merchant is likely to receive eight or ten pamphlets on the same topic, and because he receives so many he will think them of no value and they will immediately be consigned to the waste basket.

"Our membership has practically agreed to have the literature mailed from the office of the association, each member to pay his pro rata of the expense of doing this. This method will avoid duplicating the work. You will note that our letterhead gives the names of all members of our association and the literature will be sent with the letter explaining that it comes at the request of all members of our association.

"In order to ascertain what merchants are not carrying adequate fire protection, we plan to pay the Bradstreet and Dun companies to go through their records and furnish us this information, and will also appeal to all of our members and to the fire insurance agencies of this territory asking them to give us the names of any merchants who they know are not carrying proper insurance.

"We are anxious to give this literature the best possible distribution, and if any association can suggest any better plan than that which we are adopting, we will be pleased to hear from them."

G. E. FORRESTER,
Manager Utah Association of Credit Men.

ABNORMAL AMERICAN BANKING.

BY B. E. WALKER, PRESIDENT OF THE CANADIAN BANK OF
COMMERCE.

It is not possible briefly to review all of the features in the banking of the United States in which the obstacle to reform lies mainly or altogether in the existence of numerous small banks, but I should like to refer to a few of the leading features.

Most prominently I would place the so-called fixed reserves—the attempt by law to fix the minimum percentage of cash to be held by each bank against its liabilities.

The real reserve requirements of any particular bank differ from those of other banks in accordance with the nature of its obligations as compared with theirs. It is conceivable that the ideal point at which cash reserves should be kept would be different in the case of any ten or twenty banks which you might select for comparison even in the same city or community.

If the wrong done by the present law regarding reserves only resulted in causing some banks to keep more reserves than they actually required, little would need to be said, but, as has been shown, the law can be so worked as to provide reserves quite too small, and experience shows that banks as a rule choose to keep reserves larger than the law requires. The defect in the law, however, is that by arbitrarily fixing the minimum reserves which must be always in hand, it practically forbids the use of the reserves for the very purpose for which they have been created. The law undertakes to supply that wisdom which it presumes the thousands of bankers do not all possess and to lay by for them against the rainy day the provision which it presumes they would not be prudent enough to make. But who is to supply the wisdom demanded by such authorities as Walter Bagehot, who says that in a panic the sound banker should lend to the bottom of his box? In times of peace the wise prepare for war, but when war comes the army is flung into the field, not still held in reserve. The law, however, having forced the sequestration of so much cash and cash resources against the day of trouble, provides no means by which, either under its own wise and paternal direction or at the discretion of the bankers unaided by the wisdom of the law, the cash thus provided may be used to avert disaster.

I do not wish to be understood as claiming that the present law should be repealed and the thousands of individual banks be left to do as they like. I presume it is true that they can not be trusted, and that because of the folly which destroyed a more natural system of banking you have condemned yourselves to submit to a paternalism which fixes your cash reserves for you. But I urge as one of the great evidences of the unnaturalness of your system of individual banks the fact that they can not be trusted to take care of their own reserves and that no law has been devised which will act the part of Providence for them. I do not maintain that where the banks are larger relatively to the country, as in Canada, they are always wise enough to keep sufficient reserves. It is, as we know, a subject much discussed in many countries, and it would be well indeed if banks could in some way be forced to keep larger reserves, provided there be no interference with the use of these reserves when the hour of danger arrives.

Everybody admits the mischief created in the United States from the inability to use legally the reserves for the very purpose for which they are held, and I do not remember that any one has suggested a better remedy than that which takes place in every panic, viz., the breaking of

the law by simply not maintaining the reserves. But through the press the public is kept keenly aware as to the exact point in the New York reserves below which the use of them will be illegal, and thus the panic is increased by the very attempt to get at the cash necessary to allay it, while under any ordinary system the panic could probably be averted altogether by a wise use of the cash in hand, instead of being allowed to reach a stage where it can only be stopped by almost superhuman efforts after it has run part of its course of ruin and disaster.

I think the following statement will show that almost every panic since the war could have been prevented or arrested early in its course by the natural use of only a reasonable part of the actual cash on hand:

NEW YORK CLEARING HOUSE.

	1873.	1884.	1890.	1893.	1907.
1. Cash reserve at beginning of panic	\$53,152,500	\$86,911,000	\$99,773,100	\$110,410,900	\$267,610,500
2. Surplus over legal requirement	3,642,475	4,455,450	701,975	8,776,800	11,182,650
3. Reserves at lowest point as compared with legal requirement	19,669,000	67,536,700	91,801,400	76,505,500	215,851,100
4. Deficiency in reserves at this point	18,893,075	6,607,125	*2,429,650	16,545,375	54,103,600
5. Date of first issue of Clearing House Certificates	Sept. 22	May 15	Nov. 12	June 21	Oct. 26
6. Date of maximum issue of Clearing House Certificates ...	Nov. 20	June 6	Dec. 22	Sept. 6	Jan. 30, 1908
7. Date when last Clearing House Certificate was retired	Jan. 14, 1874	Sept. 23, 1886	Feb. 7, 1891	Nov. 1, 1893	Mar. 28, 1908
8. Maximum amount issued	\$26,565,000	\$24,915,000	\$16,645,000	\$41,490,000	\$101,060,000

* In 1890 the reserve fluctuated considerably from the first of July to the end of the year, and was below the legal requirement frequently before the issue of Loan Certificates. On September 13th the deficit was \$3,306,925, and two weeks later the excess was \$14,075,400.

In order to avert panics, and also in order to avert the failure of an individual bank with sound assets, something more may be necessary than the unrestrained use of the cash and quick assets in hand. The ability to rediscount should exist somewhere within reach. The great banks of a country should manage so as not to require such aid, but small banks in most countries require it from time to time, and not merely at the moment of a panic.

Until the latest panic these loan certificates were only issued in the largest money centers, but on this occasion they were issued by fifty-one clearing houses, and doubtless in the course of future panics they will become practically available to every bank. The wide extension of their use, however, raises a new question. Used in the real money centers and issued only in large blocks between banks they remain what they were intended to be, mere loan obligations assisting banks to build up their reserves, and also enabling them to make additional loans to customers

who but for such aid might fail. But the extension of their use to numerous cities and towns where actual cash supplies are nearly exhausted, and the issue of these loan certificates in small denominations to the general public as currency, in open defiance of law, while creditable to the ingenuity and audacity of the American people, are new features of an alarming character. There are dangerous expedients we praise ourselves for resorting to when heroic action is necessary for the general safety, but which are little better than crimes if they are repeated. An able banker [William A. Nash: "Clearing House Certificates and the Need for a Central Bank."—Annals American Academy Political and Social Science, March, 1908] has referred to clearing house certificates as an "emergency circulation," and as an "asset currency" that even he would approve of. I think much mischief will arise if these loan certificates are ever generally regarded as anything other than what they were originally—a species of rediscounts between banks. Currency, to be such, should be available between the banks and the people, and should surely be legal whether it is wisely issued or not.

Flexibility in the use of cash reserves, in obtaining rediscounts, in distributing Treasury balances, and in the issue of bank currency, still seem the main features to be discussed. I have little to add to what was said years ago regarding the Treasury. Then it needed some courage to say it, but now even a Comptroller of the Treasury, writing early in 1908, does not hesitate to sum up the whole evil in the following frank statement. [William Barrett Ridgely: "An Elastic Credit Currency as a Preventive of Panics."—Annals American Academy Political and Social Science, March, 1908.] "But look at the situation. The United States Government has collected from its people \$245,000,000 surplus, above its necessary expenditures, and in order to restore this money to circulation and repair the damage done to business by its withdrawal, has had to deposit \$222,000,000 with the national banks; and when the supply of government bonds gave out has had to accept various other bonds as security." And in the same connection he says of Secretaries Gage, Shaw and Cortelyou, that "they are all entitled to the highest praise and commendation for what they have done to make the best of bad situations, with antiquated, complicated and cumbersome facilities, often little better than mere makeshifts." But why not face the fact that the present Treasury system was created because of the destruction of the system of large banks in favor of the system of small banks, and would never have existed otherwise? Under the present system there is no one bank and no series of banks to whom the United States people, as they are represented by the federal government, can entrust their balances without very complicated arrangements, including the deposit of security. Whatever may be the remedy, in the meantime we must add the Treasury system to that list of abnormal features which this country has to bear because of its thousands of individual banks.

The fourth main element in banking in which flexibility is necessary is bank note issues. This has become a hackneyed subject during the last fifteen years or more, but indeed it has never been long out of the arena of discussion regarding banking in this country since early colonial days. The currency, as we have said, is a complicated mystery, and for that reason it has a strong hold upon the imagination of the average man. But in addressing an audience of bankers it might be well to avoid the broader definition of money and to try and separate the credit instruments usually issued by banks and passing as money from metallic money, paper money, representing metallic money, and paper money based on

the debt of a government. The species and qualities of money current in the United States on August 1, 1908, were approximately as follows:

Gold coin and bullion	\$811,541,020
Silver dollars	79,303,982
Subsidiary silver	147,005,385
Gold certificates	818,758,869
Silver certificates	484,054,000
United States notes	346,681,016
Treasury notes of 1890	4,903,000
National bank notes	692,088,991
Total	\$3,384,336,263

The figures given above do not include an equivalent amount of gold coin and bullion, and silver dollars held in the United States Treasury as a redemption fund for the gold and silver certificates outstanding.— (Taken from "The Commercial and Financial Chronicle," New York.)

From this it is apparent that in the United States there is no currency of the kind usually known as bank note issues, the notes issued by national banks and guaranteed by the government being a species of money based on the debt of a government. There were bank note issues before the war, and as we know, they were retired for arbitrary reasons connected with the finances of the government, and not for the purpose of improving the system of banking. We also know that while the national bank notes which took their place possess good qualities not possessed by the old state bank issues, they also carry with them the grave defect of rigidity which accompanies nearly all government note issues. Under the new "Currency Association Law," permitting an emergency circulation, bank issues are to be permitted, but under restrictions which practically amount to an admission that the issuing of bank notes is too dangerous a transaction to be granted to a bank under ordinary circumstances. Indeed, the occasion for these emergency issues is so difficult that the act may quite fail in its purpose. In Canada at about the same time we also passed an act permitting an emergency circulation. Our act contains 967 words, while that part of your act which deals with emergency circulation contains 3,730 words. This is not a very reliable manner in which to compare the respective value of two acts in legislation. But in this case it may be said that the difference in words fairly represents the difference in ease with which the additional franchise of an emergency circulation may be given to a few large banks with branches as compared with thousands of individual banks.

There are countries in the old world where the fluctuations in the volume of trade and in the price of commodities and securities from one year to another, and from one part of the year to another, are not so violent as to require much elasticity in the currency. But in the United States, where the volume of trade and the price of commodities and securities vary largely from one period of contraction through a period of expansion to the next period of contraction, and from one year to another, and from one part of a year to another, and from day to day, there should be in addition to the constantly varying total of checks, drafts and such credit instruments with which most of our trade is done, a species of credit-note issuable by banks which can be varied in total quantity in proportion as to the total quantity of trade done with such instruments of credit varies. And there is the additional reason for such a credit-note that whenever, because of panic or any form of distrust, the ordinary currency is hoarded or additional cash is being held by the banks as

reserves, some legal credit currency becomes more than ever necessary. No one at this late day will advocate the issue of such a credit currency unless it is perfectly safe.

There are practically only two directions in which those who desire reform are looking for aid. These may be summarized as follows:

(a). Plans differing in detail, but looking to the creation of a credit-note system of bank currency based upon the assets, somewhat similar to that in use in Canada, although much more restricted in the extent of the powers or franchise to be granted.

(b). Plans differing in detail, but looking to the creation of one central bank, which alone is to have the franchise of issuing credit notes.

So far as my own opinion is concerned I do not find that it has changed materially since I had the honor of addressing the New York State Bankers' Association in 1895. I felt doubtful then as to the probability of the necessary reform being acceptable to the existing bankers, and I am not much more hopeful now.

In the light of later experience I should think that banks having power to establish branches throughout the whole of the United States and its over-sea possessions should have a larger minimum capital than \$5,000,000. This, of course, proposes asset-currency, and I am aware of the arguments which have been made against it. But no effective argument has been made other than the difficulty of applying it to thousands of relatively small banks and affecting that daily redemption which is indispensable. That it can safely be applied to all individual banks with a capital of \$500,000 and over, and to all banks with branches with a capital of \$1,000,000 and over, I have no doubt whatever. That it is extremely desirable in this country if it can be made safe, I am quite certain.

But quite as important as the asset-currency, to my mind, is the branch system. If you make your laws so that it is merely permissive, surely the branch system will not come into being in an important degree unless it is right in principle. If it is right in principle, should the particular interests of ten thousand or more individual banks stand in the way of a great public good?

Can You Assist in Finding These Debtors?

It will be appreciated if those who have any clue to the present whereabouts of the following, communicate their information to the National office:—

Worth & Erickson, formerly in the hotel and steamboat supply business, at 109 Larned Street, Philadelphia, Pennsylvania;

C. S. Stevens, formerly of Eau Claire, Wisconsin;

E. J. Pinch & Company, Harry A. Pinch and Emma J. Pinch, formerly at St. Benedict, Iowa, later thought to have been in Minneapolis;

B. P. Binchy, until about November, 1908, in the grocery business at 2504 Evanston Avenue, Chicago, Illinois, and later located at 3235 N. Paulina Street, same city;

W. Gordon, formerly doing business at Wolcottville, Indiana, under the name "Bazaar Store," later said to have shipped his stock to Detroit, Michigan;

A. Brown & S. Fritz, doing a general merchandise business under the title Alaska Trading Co., at Cordova, Alaska;

S. A. Friedlander, formerly doing business at Asheville, North Carolina, later said to have been heard of in Ohio.

S. A. Haney, said to be an Assyrian, doing business at Damascus, Virginia;

J. C. Bell & Company, formerly of Pineville, Alabama;

B. A. Chadsey, formerly in the baking business at South Dayton, New York;

W. Goldstein, until eighteen months ago in business at Ambridge, Pennsylvania, and now thought to have been at Monnensen, same state;

C. E. McKibben, formerly of Los Angeles, California, now thought to be employed at St. Louis or St. Paul in a dry goods or lace house;

H. G. and W. C. Lane, last heard of during January at Medford, Oregon;

J. Rone, formerly of Provo, Kentucky;

H. H. Tartsch, formerly of McCook, Nebraska;

W. J. Washer, formerly in business at Indianapolis, Indiana, and last heard of at York, Pennsylvania.

In sending to the Association office, names to be placed under "missing debtors" column, members are asked to state as accurately as possible the line of business the debtor was engaged in. This information may assist in locating the parties named.

An Honorable Record of Fifty Years in Business.

In 1859 John and Henry Lindenmeyr, of New York, formed the firm of Lindenmeyr & Brother, paper merchants, their first place of business being at No. 13 North William Street, a site now occupied by the Brooklyn bridge. Owing to the increase of their business, they soon after moved to No. 18 Spruce Street, and again, in 1869, changed their quarters to No. 15 Beekman Street, shortly after adding 17 Beekman Street. By this time the firm of Lindenmeyr & Brother had become an important factor in the paper business.

John Lindenmeyr retiring in 1875, the firm became Henry Lindenmeyr. In 1892 Henry Lindenmeyr admitted his sons, Gustave and Henry, Jr., into partnership, changing the name of the firm to Henry Lindenmeyr & Sons, by which it is known to this day. Henry Lindenmeyr died September 11, 1895.

The history of the house shows an uninterrupted progress, and in reputation and popularity it ranks high in the trade. In fact, no firm in the paper industry is more favorably known throughout the United States.

The firm felt that so important an event as its golden anniversary could not be celebrated more fittingly than in giving its employees the best outing that could be arranged. Accordingly, August 28th was set aside to commemorate the founding of the firm. The outing was held at New Dorp, Staten Island, with every imaginable kind of athletic contest, also banquets and afterdinner speaking. At the close of the day every employee was presented a souvenir of the occasion in the form of a substantial present, and the firm received from the employees an elaborately engraved bronze tablet, setting forth briefly the history of the house.

The announcements and menu cards of the outing were beautiful examples of the printer's art.

Some Questions Filed with the Association's Legal Bureau.

In a discussion of the meaning or intent of the foreign corporation law of a certain state, a member of the Association had occasion

to write the attorney-general of the state, whose law was in question, asking for an interpretation of certain important points. Our member took umbrage at the attorney-general's reply, in which he was referred to his attorney to secure an answer to his inquiries.

Yet the attitude of the attorney-general is easily explained. He is the principal law officer of his government, having both political and legal functions. He is required to advise the governor and heads of departments upon questions of law arising in the performance of their duties and must appear on behalf of the people in cases in which the public or some governmental office is interested.

In some states the attorney-general has the right to continue private practice while acting as attorney-general, but it may be stated broadly that there is no obligation upon an attorney-general to answer legal questions presented by private parties as to the interpretation of the statutes or any other private question of law, nor is it usual for the attorney-general in his capacity as such to give opinions for the benefit of private parties. In fact, the official position of the attorney-general would give such opinions a weight such as the law does not contemplate and would have a tendency to give a private individual the idea that he is receiving a judicial interpretation, whereas the courts alone have the power to interpret and decide upon the constitutionality of the statutes.

The questions arising under the foreign corporation law seem to be legion. A peculiarly interesting question arose recently. It had to do with a foreign corporation keeping a bank account in New York state and the question was, does this constitute "doing business" in that state.

Attorney replies that any question as to this might arise, either as to the necessity of taking out a license to do business in New York, or as to the liability of such corporation to taxation in New York city, upon the portion of its capital used within the state. In neither of these contingencies, says the attorney, would such corporation be considered to be doing business within this state. A foreign corporation is not considered to be doing business in New York by having an agent within the state to solicit orders. Nor would it be so considered merely from the fact that it hired a room within the state for the purpose of holding meetings of its board of directors.

There are many situations, however, in which foreign corporations unwittingly go so far in the direction of transacting business within New York state, although their principal business offices are elsewhere, as to come within the decisions of the courts subjecting them to the necessity of paying taxes and of taking out a state license. The border line of these cases is very indistinct, and each case has to be considered by itself.

Here is a case involving the endorsement of a note by a third party, the note being given by a concern which afterwards became bankrupt. The question is,—Can the holder of the note file his proof of claim against the bankrupt company without releasing the endorser from his personal obligation on the balance? Attorney replies that the creditor may prove his claim in bankruptcy or not, as he sees fit. Should he desire to prove his claim and receive dividends he may still hold the endorser for any balance remaining due on the note.

A member recently received a notice regarding a bill of goods he had shipped into a distant state. It was signed by one of the partners and was as follows:

"I have this day bought I. F. Jones' interest in this business and your firm will please look to me for settlement of our account."

Is the retiring partner released by such notice?

Attorney replies that one partner, by selling his interest to another partner, can not relieve himself from liability for the firm debts unless their creditors consent and agree to accept the purchasing member as the sole responsible party. A notice should be sent to both members of the firm, stating that if the account is not paid when due, the creditor will continue to hold both members of the firm responsible, and will not consent to any discharge.

Those "Turned-down" Orders. What Record Do You Keep of Them?

The Association office recently had called to its attention some correspondence which has been carried on by credit men of certain large houses regarding the advantage of following the careers of customers to whom credit has been refused in order to determine whether it will be safe again to go after their orders.

Oftentimes it happens that credit men feel compelled to place certain customers on a cash basis—which practically speaking is equivalent to a refusal of the order—because of some temporary condition. When this condition has ceased and the customers are again worthy of credit, has the office a system automatically of bringing their names to the notice of the credit man to receive a new rating?

The credit man for a large Chicago house who has given special attention to this phase of credit problems writes that he has installed a card index follow-up-system and when he declines credit to any customer who appears to have any signs of life and is at all likely to improve his condition, he fills out a thin pasteboard card, with a carbon copy, at the time the order is declined. The card shows the customer's name and address, his number in the credit file, and a date, either the first or fifteenth of the particular month when it is felt a revision should be considered. The original card is filed alphabetically and the carbon copy is filed for the first or fifteenth of the month specified.

The result has been, says the writer, that many cases occur, in which after from six months to a year or perhaps longer, it is found that the customer had overcome a temporary difficulty and the credit man could authorize the sales department to solicit the business. This may be, of course, after the cards have been submitted three or four times, but in this way sight of a possible customer is not lost until or unless the credit man becomes convinced that he is a "dead one."

Perhaps it should be explained that the reason for making the cards with carbons is that one may be filed under an alphabetical heading and the other in the tickler file which prevents having several cards filed under the same customer. Before filing a card the practice is to run through the alphabetical indexed cards in the case to see that the customer is not already listed in the files. The alphabetically indexed card shows the date under which the carbon is filed and the carbon copy filed in the tickler refers to the alphabetically indexed card.

The Public Should Know of Credit Men's Co-operative Work.

In the *Memphis Commercial Appeal* of August 22d appeared an excellently written full page story of the, "Memphis Credit Men's Association and its Work." At the top of the page was presented excellently executed half-tone cuts of the officers and committee chairmen, and in the reading matter those features of association work which would appeal most to the imagination of the public mind are excellently written up. In describing the services rendered by the information bureau reference is made to a case in which information is given the jobber such as he could probably get in no other way. As it makes interesting reading we quote as follows:

"Not long since a country merchant in Mississippi applied to a leading Memphis mercantile house for a purchase involving nearly \$2,000. The order was given to the traveling representative of the house, who had not been getting the trade of this particular country merchant, and was referred to the credit man of the house.

"The credit man upon receiving the order immediately called up the office of the secretary of the Information Bureau, and asked for a list of the members of the bureau with whom the merchant giving the order had been doing business. There were five of them, as it happened. Two of them reported prompt payment of their bills, but stated that they had done no business with this merchant for several months. The other three reported accounts overdue, and inspection of their reports in detail disclosed that during the past two months the merchant in question had been buying in rapidly increasing amounts; that he had not, during that period, paid a dollar on account, and that he had opened accounts during that time with two of the three Memphis houses. The biggest order given any of them had been \$875.

"It hardly needs to be stated that the order was not filled, and it is an eloquent commentary upon the commercial value of the bureau that within three weeks that country merchant was in the hands of the adjustment bureau, after an ineffectual attempt to throw his business into the hands of a receiver related to him by ties of blood. The business was sold out under the auspices of the adjustment bureau, and creditors received 92 per cent. of their accounts."

The importance of giving publicity to the different features of the Association is emphasized at every convention. It is then pointed out that newspapers will gladly give space for a write-up if it is given in a readable style. Local associations of credit men all over the country will do well to follow the lead of the Memphis in opening up their fall work by attracting public interest through the columns of the press.

For Your Scrap Book.

Here is another for the scrap book of the credit man who loves the humor of his business:

"DEAR SIR:—I received you letter the other day I hat quit the machin bissiness my brother has gote it all. He is in need of a 4-ply, 6 in. 80 ft. lang canless belt to thrash with next foal. So pleas send him you best prise an a belt of the kind. From

"My brother,
"PETE NALING."

(NOTE—By "canless" is meant *canvas*.)

"We Suppose You Found Out We Were No Good."

A St. Louis merchant who received an order from a dealer in a small Oregon town which he had seen fit to decline, received the following frank admission:

"Some too Months ago we gave your salesman an order for Rugs & Lace Curtains. We have waited a long time yet you have not acknowledg the order, we were very ancious to get the goods, but supposed that you have found out that we were no good so paid no atention to the matter. If not shipped you had best cancel the order."

Commissioners on Uniform State Laws Hold Convention.

During the week of August 19th the Commissioners on Uniform State Laws held their convention at Detroit, Michigan. This was the nineteenth annual conference of the commissioners, whose work is just now becoming recognized as having far-reaching importance for the general welfare of the nation. The purpose of the commissioners is to bring about uniformity in those classes of legislation in which the federal constitution does not give Congress power to act, but in which each state has the sole right to regulate through its legislature and executive.

Since 1890, when the American Bar Association first suggested the forming of a commission to bring greater uniformity into state laws, state after state has joined in the movement which fact has greatly strengthened the commissioners in seeking the enactment of the laws they propose. At present forty-seven states, territories and insular possessions are represented at the conference of the commissioners.

To the committee on commercial law of the Commissioners on Uniform State Laws is referred that class of legislation in which credit men are mainly interested. This committee met two days before the regular meeting of the commissioners and considered an act to make uniform the transfer of stock certificates, a uniform partnership act and a bill of lading act. On the first named act the commissioners have been at work over three years and have finally succeeded in getting the proposed law in shape for presentation to state legislatures.

The law follows those of some of the states in most of its sections, being based upon a codification of the statutes and decisions of all the states. The principal advance made over existing legislation is a provision that no attachment or levy shall be valid upon shares of stock for which a certificate is outstanding, until such certificate shall actually be seized by the officer making the attachment or levy, nor shall it be surrendered to the corporation which issued it, or its transfer to the holder be enjoined. Except when a certificate is lost or destroyed, the corporation shall not be compelled to issue a new certificate for the stock until the old certificate is surrendered.

A large amount of time was given to a discussion of the proposed bill of lading law and a warehouse receipt act. In both acts the main purpose is to make these instruments of which the two laws treat, of free negotiability and circulation so that they may be used in trade with as much freedom from hampering regulations as possible.

Two bills designed to regulate insurance, which were agreed upon and recommended by the American Bar Association last year, were considered by the commissioners.

The first of the two bills was one requiring that all insurance companies be licensed. The committee recommended that all the states adopt such a measure, because it was aimed at "wild cat" companies, or companies which do not pay any policies and which conduct their business fraudulently through the United States mails.

The second measure considered was an act requiring an annual accounting of the surpluses of insurance companies.

It was pointed out by the committee reporting on these bills that accumulations of deferred dividends in the hands of insurance companies encourage extravagance, speculation and the misuse of funds because the officers of these companies lose sight of the fact that they are still liabilities and treat them as surplus or profit funds. The insurance bills were referred to the next conference for further action.

Another law which the commissioners hope in a few years to have

in such shape that they will be satisfied to advocate its adoption by the states, is the uniform incorporation act. The discussion of this act will be followed closely by credit men, and by all who wish to see the public protected against swindling corporations. The purpose will be to close certain states out of the business of granting charters under which there is a minimum of corporate responsibility and a maximum of corporate liberty which has caused a stigma to be fastened to the word corporation. The preparation of no proposed law has necessitated so much work as this act. The committee appointed to consider it has studied closely the incorporation laws of all states and compiled a digest which represents an amount of careful painstaking labor and research which the layman can scarcely appreciate. In speaking of the proposed incorporation law and the need of it, Chairman Richberg, of the committee, said:

"We must deal with the law applicable to corporations. We must treat corporations both domestic and foreign. The incongruity of state laws on the subject is amazing. Delaware, Maine, New Mexico, Arizona, New Jersey and South Dakota have laws affording the maximum of corporate liberty—it amounts to license—with the minimum of responsibility. In fact, they advertise that they will fix you up under the law for the business you would like to get rich in. Then, under the theory of comity, you can do business in other states, no matter how efficacious may be the corporation laws of those states.

"To remedy this condition, to protect the public, to protect the corporation against itself, the committee is laboring. Unless the state takes action, we have handwriting enough on the wall that the federal government will step in to assume control of corporations. And I believe it can touch all big corporations, because any corporation worth while is engaged in interstate business."

The service which these commissioners are doing, with the respect of their fellow-lawyers and the sense of a great work well done as their only reward, can not be overestimated. These conferences involve application of mind, both prolonged and strenuous. The deliberations of these commissioners touch every phrase, and indeed, every word of the act before them. The most penetrating scrutiny must be applied to every letter so that the chance of a difference of minds regarding the meaning of any part of the act shall be the least that is possible, so that in fact the highest courts of two states can not but come to the same interpretation. The task then belongs to the most erudite and at the same time the most unselfish men to be found among the legal fraternity.

The officers of the commissioners are elected annually. Those chosen for the ensuing year include Walter George Smith of Philadelphia, president, and Charles Thaddeus Terry, of New York, secretary.

Invitations are always given to the commercial organizations of the country to send delegates to the conferences of the commissioners. The National Association of Credit Men was ably represented by the following members: Wade Millis, Adolph Sloman, Frank R. Hamberger and J. M. Richardson, of Detroit, and A. J. Gaehr, of Cleveland.

In writing of his observations at the conference, Mr. Gaehr among other interesting things says:

"It is quite evident that the commissioners are impressed with the importance of their work. They proceed with great care and thoroughness and in a spirit of the fairest criticism, that is to say, they are not biased in favor of anything they have done, but examine whatever is proposed critically, especially considering its probable effect in actual practice. They invite suggestions and criticism and are always glad to receive them. Not only is this the spirit of the committeemen but also of the commissioners, who are not on the special committees whose work is under review. It is not innovation that these men seek but what

they attempt to do is to codify the existing law and where there are opinions for or against a doctrine, those opinions having the greater weight and the greater merit are adopted and put into language easy to understand. Two examples come to my mind illustrating these observations:

"In one or two instances some technical, legal phraseology was suggested, but was rejected because the subjects dealt with, namely, those in the uniform bill of lading act and the partnership act, were businessmen's laws and the committee expressed itself strongly in favor of using business men's language, such as they would readily understand wholly clear of technical legal phraseology.

"Another instance of the spirit in which they work is shown by the fact that in the proposed partnership act prepared by Dean Ames, of the Harvard Law School, section 18, reads as follows:

"'1. A partner may exonerate himself from all future liability to a third person on account of the partnership, but not from liability to his co-partners, by renouncing in good faith all participation in its future profits, and by giving notice to such third person, and to his co-partners that he has made such renunciation, and so far as may be in his power he dissolves the partnership, and does not intend to be liable on account thereof for the future.'

"'2. After the partner has given notice of his renunciation of the partnership he can not claim any of its subsequent profits, and his co-partners may proceed to dissolve the partnership.'

"This is a somewhat novel doctrine and some of the commissioners and delegates in attendance hesitated to indorse it at the present time, but since there were some few decisions, seven or eight in number, I think, on this point, some in favor and some adverse, the commissioners decided to retain this section rather than to strike it out, so that when the third tentative draft to make uniform the laws of partnership is submitted, it may be annotated fully, giving the names and references of the cases so as to facilitate the examination and call up criticism.

"One other matter that impressed me was that these men seek to make a law so clear and so certain as to avoid litigation. The subjects under consideration were the partnership act, the transfer of title of stock by certificate, and the uniform bill of lading act. Several times during the discussion certain features were rejected, because, as was said, they were not fully germane to the subject. For instance, the commissioners refused to treat anything except such as pertained directly to that subject. They refused to go off into the subject of common carriers, and in the same way on the subject of stock certificates, they would not lapse over into the subject of corporation law in general.

"The spirit pervading the whole conference was one of open-mindedness. No matter from what source a suggestion might come there was always courtesy in discussing it, and if it seemed to have importance it was more than likely referred to the next conference."

The need of education in fire insurance and fire prevention in this country is vast. To undertake this work is a duty which rests upon our commercial and manufacturing interests. The educational plan mapped out by the National Association of Credit Men is acknowledged to be simpler and more likely to be effective than any yet promulgated. Can you hesitate about doing your share in getting into the public mind a healthier view of men's responsibility toward fire waste? Write the Association's Office.

The Post Office Department Makes Arrest in Empire Stores Company Case.

A case interesting to members of this Association because so many warnings concerning the parties involved have been issued by the National office of late, is that of Clyde W. James and Morton Davis, who are now in jail at Winchester, Virginia, on the charge of using the United States mails with intent to defraud. It appears that James and Davis opened a store about June first last, under the style, Winchester Dry Goods Company. They sent statements broadcast throughout the mails claiming the Winchester Dry Goods Company was incorporated with a capital of \$15,000, and giving the officers as H. Nelson, president; Robert Glover, treasurer, and A. V. Harford, secretary.

None of these parties except Miss A. V. Harford, who was employed by Davis and James as a clerk, was known at Winchester, and it is thought they were merely given as dummies. Within a few days the stock of goods was attached under judgments in favor of Davis and James for small amounts and was about to be sold when arrests were made.

It was then that the fact was brought out that they were the people who were back of the swindling schemes carried on under the name of the Empire Stores Company, Gadsden, Alabama, which had gained considerable consignments of goods through a false statement that they had an equity of \$6,000 in their business.

A prominent member of the Association, who had been following the case closely, received late in August the following letter from the post office department at Washington.

"In answer to your letter of the 18th instant which the Postmaster General has referred to me, relative to your complaint alleging use of the mails for fraudulent purposes by the Empire Stores Company, Gadsden, Alabama, I have to state that the business methods of this concern have been investigated by a post office inspector.

"The inspector states that on August 5, 1909, M. Thorp and C. W. James, promoters of this concern, were arrested at Winchester, Virginia, on the charge of using the mails in the furtherance of a scheme to defraud. A report giving the final action taken in this case, has not been received at the department.

"Your letter with inclosures will be referred to the inspector to whom this case has been assigned for his information."

A few days later the post office inspector at Chattanooga wrote the same party a letter, as follows:

"Inspectors of this service have during the month caused the arrest of Morton Davis, alias Mortimer T. Davis, alias M. Thorpe, alias T. Morton; Clyde W. James, alias Claude R. James, alias Claude W. James, and W. J. Spears, alias James Spears, for fraudulent use of the mails in connection with the operation of the Empire Stores Co., of Gadsden, Ala.

"Please forward to me at once, all letters you received from this concern, marking each for identification.

"Kindly give the names of some one who could identify the letters as having been received in the mails.

"Your co-operation with the department is earnestly requested in this matter.

"Very respectfully,

"S. A. CISLER,

P. O. Inspector."

The National office at once forwarded a mass of correspondence which it had accumulated during the last few months regarding the Gadsden concern. This accumulation contained several of the statements which had been circulated to secure a credit rating.

It is thus probable that a dangerous gang has been apprehended and all who had had any dealings or communications with these people should promptly get in touch with the National office.

Concessions to Citizen of the United States for a Bank in Nicaragua.

Those who have made a study of the problem of increasing our trade with Central and South American ports have with practical unanimity come to the conclusion that the two greatest obstacles to our success in winning their trade are the absence of proper banking connections and the fact that there are no regular direct steamship sailings between United States ports and those of the countries whose trade it is desired to cultivate. It is interesting, therefore, to note that a concession has been given to a citizen of the United States by the government of Nicaragua for the establishment of banking institutions in Managua and other cities of the republic. The bank is to be conducted under the name "American Bank of Nicaragua" and is to have a capital of \$2,500,000.

All operations corresponding to banks of issue are permitted, viz., to discount commercial documents, advance money on good securities, receive deposits, issue notes payable to bearer on demand, buy and sell bills of exchange, telegraphic drafts, promissory notes, and all other commercial documents. The bank may also issue bank notes to bearer payable on demand in gold coin, silver, or United States notes representative of gold. The notes issued by the bank will have a fixed value of 20 cents gold for each dollar issued by the bank, same being at the rate of exchange of 500 per cent.

The government contracts to issue bonds to the amount of \$2,600,000, redeemable in 25 per cent. of the general duties on all importations passing through the custom-houses of the republic. These bonds will bear interest at the rate of 6 per cent. per annum from the date of their issue, and the bank agrees to purchase the entire amount at 75 per cent. of their nominal value.

The government binds itself to transact all its commercial and banking operations through the institution, for which the latter will receive a commission not to exceed 5 per cent. It is further agreed that the government will discharge all its foreign obligations through the bank.

The bank thus gets exceedingly valuable concessions but its advantage to the extension of commerce between the two countries is the important thing and this feature will be watched with much interest.

Bank Guaranty of the Future.

The *Banking World*, in showing what progress has recently been made in adopting measures to safeguard bank deposits, has a general word of appreciation for the much maligned reformer which just men will do well to consider. It says that almost without exception really valuable, far-reaching and enduring reforms, have resulted from extreme, often ridiculous and fantastic movements. Genuine reformers are frequently fanatics, actuated by utopian and impractical ideas. By pursuing lofty and unattainable ideals they arouse enthusiasm and make converts; by aiming at the sun they sometimes strike mundane errors in a vulnerable spot. Reform is usually the result of a compromise by which a happy mean is attained and that without bestowing the entire victory or inflicting all the defeat upon either of the combatants.

Such it would seem, is destined to be the outcome of the present struggle for the adoption of measures insuring the safety of bank deposits. In the states where bank guaranty laws have been adopted dissatisfaction has already developed; inequalities, positive injustice, have presented themselves and talk of special sessions of legislatures to repeal

them is taking form. In the meantime this legislation, with prospects of its prevailing in other states, perhaps in the nation, has aroused thinking bankers, financiers in general, to the gravity of the situation. Once raised, the cry of the people for reform, like the ghost of the murdered Thane, "will not down." The bankers of this country have seen the handwriting on the wall and deciphered its meaning: the people want security for their bank deposits; more than that, they are certain to receive it. For the most part our banks rest on a solid foundation and are ably, conservatively and honestly conducted. This must be made the universal rule, and will be, and that speedily. Owing to the intimate association of banking institutions, through the institution of the clearing house most particularly, banks and bankers possess the power to inspect and regulate each other. This is already done to a great extent, and the plan can be much further developed. By denying the privilege of clearing to weak or badly managed banks, by even refusing to transact any form of business with them, radical reforms can be effected. This can be done, is being done. Companies for insuring bank deposits are already in the field, but associated banks can best and most cheaply provide their own insurance, and such a system is likely to result from the present movement for bank deposit guaranty. This done, and properly done, the now popular demand for legislative guaranty will disappear, since it is the end, not the means, that fills the public eye. It is in the power of our bankers to lay this troubled ghost.

A More Business-like Administration of the Courts.

There were two reports offered to the public last month in which were discussed and suggested recommendations for the reform of our court system to the end that commerce shall cease longer to suffer injustice and loss which attend the law's delay.

Two years ago the American Bar Association appointed a committee to make a general investigation of the tardiness of court procedure and the high cost of litigation with a view to suggesting remedies. To the August convention of that association, this committee submitted a report in which many radical changes in court system are outlined. The two following paragraphs contain the basic principles upon which this committee would make its improvements:

"The whole judicial power of each state, at least for civil causes, should be vested in one great court, of which all tribunals should be branches, departments or divisions. The business as well as the judicial administration of this court should be thoroughly organized so as to prevent not merely waste of judicial power, but all needless clerical work, duplication of papers and records and the like, thus obviating expense to litigants and cost to the public.

"This court should have three chief branches, a county court, including municipal courts, a superior court of first instance and a single ultimate court of appeal. All judges should be judges of the whole court, assigned to some branch or locality, but eligible and liable to sit in any other branch when called upon to do so. Supervision of the business administration of the whole court should be committed to some high officer of the court, who would be responsible for failure to utilize the judicial power of the state effectively."

Almost simultaneously with the appearance of this report, a plan looking to the same end is made public by a committee made up of the justices of the Supreme Court of the First Department of New York state. While their proposed reforms are in the first instance directed at New York conditions, their campaign has in its ultimate

analysis a far broader scope, for it is hoped that the improvements which may be established in New York will influence to action the leaders in other states.

The committee of justices start with the premise that the public's chief concern is in "the reduction of litigation to actual differences and the abatement of the law's delays in the composure of commercial cases." They believe, they say, that the people want to see done away with "as much as may be of litigious suspensions and employments of labor and capital, with the consequent hindrances of business and prosperity." Their tentative suggestions to this end are embodied in resolutions asking action by the justices of the Appellate Division and of the law-making powers of the state, upon which suggestions they invite expressions of opinion.

In brief, the suggestions are for marked simplification of privileges in pleadings both as to substance and in time of making: for reform in court assignments through which justices making orders in such cases shall be the ones to hear argument upon these orders, and to the passage of laws reducing the period within which such actions may be begun, and requiring clear, precise and unequivocal statements of facts pleaded as constituting causes of action. Aside from the recommendation that postponements of pleadings shall not be allowed except for the best and most clearly defined of reasons and that times of serving pleadings, notices, etc., shall be "materially shortened," perhaps the most important recommendation is that for the practical abolition of the demurrer in civil actions. In place of the demurrer, that so frequently flagrant method of securing delay for delay's sake on the part of the litigant whose cause is weak or unjust, the judges would compel the litigant to answer and have the case brought to trial, when his objections to the complaint should be threshed out and judicially decided on the spot, and, if not then sustained, the trial of the action to be proceeded with.

Summed up, the judges' committee, in seeking to apply the results of its observations and investigation to the betterment of the state's laws and code of procedure in commercial cases, practically recommends certain definite changes hereafter enumerated. Expressed in the committee's own language it "requests expressions of opinion" respecting:

"1st.—Setting apart terms and assigning justices, so that all actions in commercial causes, to wit: On sales of personal property, including agreements incident to such sales, for work, labor and services and material furnished, upon policies of insurance and upon negotiable paper and other instruments transferable by indorsement or order, shall be promptly triable throughout the year.

"2d.—Granting no delay or postponement or opening of default in trials or proceedings upon consents of attorneys, but only upon due cause shown, saving to parties themselves, however, the right to effect suspension of a cause by a writing over their own hands or the hands of their attorneys-in-fact.

"3d.—Requiring that a descriptive, verified list of all writings to be used in support of affirmative allegations in pleadings be filed with the clerk within five days after final joinder of issue.

"4th.—Making motions brought upon orders to show cause returnable, so far as may be, before the judge or justice granting the order.

"5th.—Requiring clear, precise and unequivocal statements in pleadings of all facts alleged affirmatively.

"6th.—Substantially reducing the times limited for bringing actions in commercial causes and for taking appeals therein.

"7th.—Materially shortening the periods for serving pleadings and other papers in all causes.

"8th.—Directing that the objections now taken by the demurrer shall be taken by answer and be argued, or deemed waived, at the opening of the trial and be decided by the judge or justice before taking up any other cause."

While neither committee wishes to give the impression that it has reached a satisfactory solution of this intricate problem, it is well that the legal profession are thoroughly awake to the heavy tax upon commerce which present conditions impose.

The burden of finding a solution will, of course, be upon that profession which is thoroughly versed in legal procedure, but business men through their organizations must agitate and persist till improved conditions are finally secured.

The Business Man and the Bankruptcy Law.

There seems to be a considerable feeling of uncertainty amongst business men of solvency as to their rights and opportunities under the Federal Bankruptcy Act of 1898, and its amendments of 1903. Let us consider its provisions briefly with a view to seeing what should be the course of the merchant who learns that a debtor of his has either been petitioned or petitioned himself into bankruptcy.

In the first place, everybody but a corporation can go into bankruptcy voluntarily, and any natural person, except a wage earner or a farmer, and also any corporation principally engaged in manufacturing, trading, publishing, mining or mercantile pursuits, and a partnership owing debts to the amount of \$1,000 or over, may be petitioned into bankruptcy, if he or it has committed any one of a series of specified acts within four months previous. In such case, the petition must be made by at least three creditors with an aggregate of claims of at least \$500 net, or if there are no more than twelve creditors, then one whose claim equals that amount may file the petition.

The acts of bankruptcy above mentioned consist of conveying or removing property to defraud or prefer creditors, or making a general assignment, or being insolvent, applying for a receiver or trustee, or what is more important, the admission in writing of inability to pay debts and of willingness to be adjudged a bankrupt on that ground.

After the petition is filed, if the bankrupt does not properly object, the next step in voluntary cases is for the judge to make the adjudication that the petitioner is bankrupt. This is true also in an involuntary case, where the bankrupt makes no objections. If the bankrupt object to the petition he must file an answer, and if he should desire a trial by jury, he must file a written application therefor at or before the time limited for filing his answer.

There are standing referees appointed by the United States Court whose term of office is two years. Upon his appointment the referee must file a bond running to the United States for the faithful performance of his duties. This bond is in no case to exceed \$5,000. Upon adjudication the judge refers the case in hand to one of these referees. The bankrupt files with the petition a schedule of his property, showing the amount and kind, its location and value, to-

gether with a list of his creditors, their residences if he knows them, and the amounts due each of them.

The referee forthwith sends a notice to every creditor on the schedules for a first meeting of creditors. This, as a rule, is the first warning to the creditor or merchant that his debtor has gone into bankruptcy.

At the time of filing the petition, or any time before the appointment of a trustee, a receiver may be appointed upon application of any one of the parties in interest, if such appointment shall be absolutely necessary to preserve the estate. Such appointment, however, is not looked upon with favor by the courts, and the duties of the receiver are very limited; practically, he is authorized to do nothing without obtaining a previous order from the court. If the court should, however, appoint a receiver, it seems necessary for him to file a bond the amount of which is governed by the peculiar facts of each case.

At the first meeting of creditors, they elect a trustee, whose duty it is to take over the bankrupt's property and reduce it to money under the direction of the court. The trustee is elected by the votes of creditors representing the majority in number and amount.

The creditors sometimes represent two factions, each of whom desires to get his own choice of trustee appointed for one purpose or another. Sometimes an energetic commercial lawyer desires to control the majority in number and amount of claims so that a partner or protégé of his can be elected, for the sake of the commissions involved. Sometimes, unfortunately, the bankrupt himself, by getting his friends to file claims against him, either valid or invalid, hopes to secure the appointment of a trustee who will unduly favor him. In any event, the election of the trustee, where the bankrupt's estate amounts to anything, is the most important matter before the creditors, and the creditors' acts in this regard sometimes make all the difference between recovering a substantial dividend and sustaining a total loss.

In case the creditors fail for one reason or another to make a choice of a trustee, the referee may appoint one.

Usually, at the first meeting of the creditors, which occurs not less than ten nor more than thirty days after the adjudication of bankruptcy, the bankrupt is examined, and he appears there for that purpose on direction of the court. It is his duty to answer freely and candidly all questions which any of the creditors or their attorneys put to him in regard to his property, the claims against him and all matters touched upon in his petition and schedules, and generally, to give full information which will enable the trustee to realize for the creditors the largest possible amount. The bankrupt is entitled to hold exempt any property which is exempt under the laws of the State of his residence. This, of course, is governed by the statutes of each State, and could not be fully set forth in a paper of this kind.

At the first meeting, the creditor who wishes to avail himself fully of his rights under the bankruptcy act appears with his claim, properly made out. This may be presented on a blank which can be bought from any law stationer, or it can be written or typewritten, but it should be in the form and contain the allegations which the law provides, should include the amount of the claim and what it is for, and a statement that no part of the debt has been paid, and that there are no set-offs or counterclaims, and that the creditor has received no security, if such is a fact, otherwise the

facts regarding security must be set forth. Accompanying the claim should be a letter of attorneyship to the party presenting it, unless the creditor appears actually in person, so that whoever holds the claim will also have the right to vote for trustee.

It is not unusual to give a general letter of attorneyship in fact authorizing the agent presenting the claim to accept composition and to receive payment of dividends.

The trustee within ten days after his appointment must give a bond to the United States with such sureties as shall be satisfactory to the court (at least two, unless the surety come from a bonding company) for the faithful performance of his duties. The creditors may fix the amount of this bond at the meeting at which the trustee may be elected. If they do not do so, however, the amount is fixed by the court. The amount of the bond depends on the particular facts of each case, and is generally governed by the amount of the estate.

At the first meeting of creditors, the bankrupt is usually examined and displays his books. In a bankruptcy of any importance, this is too long a task for one meeting, and the first meeting of creditors is, therefore, adjourned from time to time, the examination sometimes extending over a year or more, with sessions weekly or oftener, in cases in which the estate is a large one, or presents unusual complications, or in which the creditors are of the opinion that fraud or systematic failure has taken place.

In this connection it is interesting to note that petitions, both voluntary and involuntary, are sometimes filed in bad faith, on account of that provision of the bankruptcy law which exempts a bankrupt from arrest upon civil process except upon claims from which his discharge would not be a release, and any law suit pending against him on a claim from which his discharge would release him may be stayed by an order of the court until twelve months after his adjudication as bankrupt.

A receiver or trustee may carry on the business if the court so direct, and such receiver or trustee may be allowed extra compensation for the performance of this duty, but at no greater percentage than that fixed as the fees of a trustee for money disbursed by him, which fee is within the discretion of the court, but can in no case exceed 6 per cent. on the first \$500, 4 per cent. on an amount in excess of \$500 and less than \$1,500, 2 per cent. on an amount in excess of \$1,500 and less than \$10,000, and 1 per cent. on amounts in excess of \$10,000.

The trustee may sue to set aside a preference, and while permission of the court is not absolutely necessary, it is generally obtained by the trustee before bringing such suit. He may bring this action either in the District Court of the United States or in the State Court, which would have had jurisdiction if bankruptcy had not occurred. If the trustee refuses to bring such a suit, any creditor may bring it for the benefit of all.

If the creditors are satisfied that the bankruptcy is genuine, or if they are negligent and take no steps to protect themselves, the bankrupt can apply for a discharge after one month from the date of his adjudication. Even then, however, the creditors are given an opportunity to come in and be heard, and they can prevent the discharge of the bankrupt and keep their claims open against him if they can show that he has concealed his property or made a false oath or account in relation to any of the bankruptcy proceedings, or

attempted to extort money from anybody as a consideration for acting or forbearing to act in bankruptcy proceedings, all of which are punishable by imprisonment for a period not to exceed two years.

The creditors may prevent the discharge of the bankrupt if he has destroyed, concealed or failed to keep books of account with the intent to conceal his financial condition; or obtained property or credit on a false statement in writing, or transferred or concealed his property to defraud his creditors within four months before the filing of the petition, or has been granted a discharge in voluntary proceedings within six years, or refused to obey any lawful order of or answer any material question approved by the court.

The act also gives the creditor an opportunity even after the bankrupt has been discharged, to revoke the discharge, if the creditors show that it was obtained through the bankrupt's fraud, which the creditors learned of after the discharge.

Let us assume that the bankrupt desires to settle with his creditors under the bankruptcy law. He can offer terms of composition to his creditors after, but not before, he has been examined at the meeting of creditors. The composition has to be accepted in writing by a majority in number and amount of the creditors whose claims have been allowed, and a meeting is held for the creditors to consider the bankrupt's application. If the judge is satisfied that it is for the best interests of the creditors, and that the bankrupt has not been guilty of any of the acts above mentioned as barring his discharge, and that the proposition is made and accepted by the creditors in good faith, he confirms the composition and the consideration is distributed amongst the creditors and the case dismissed.

At meetings of the creditors for the purpose of examining the bankrupt, they may also call in his wife and examine her concerning business transacted by her or to which she is a party. This is the result of one of the amendments of 1903, and has proved of great value in cases where the husband has been accustomed to keep his property in his wife's name, pretending always to act merely as her agent. Any other designated persons, whether related to the bankrupt or not, may be called as witnesses at such meetings.

At the first meeting of creditors, the first business to be taken up is the allowance or disallowance of the claims there presented, and it is therefore important that a claim be made up properly, for if not, any faction desiring to control the election of a trustee may prevent the creditor from voting by showing that his claim is not in proper form, or giving other valid reasons for its disallowance, and no change of trustee, in the nature of things, can be made simply because the claimants have neglected to prepare their claims and present them in time for the first meeting. Sometimes, a shrewd and unscrupulous lawyer will succeed in preventing the immediate acceptance of important claims by the referee, not because he expects to be ultimately successful in getting them disallowed, but solely for the purpose of preventing such creditor from voting for trustee.

A merchant or business man, after receiving the first notice, which informs him that his debtor has gone into bankruptcy, and announces the time and place of first meeting of creditors, may expect to receive other notices from time to time, some of which give information, as follows: All examinations of the bankrupt, hearings on applications for the confirmation of compositions, or the discharge of bankrupts, all meetings of creditors, proposed sales of property, the declaration and time of payment of dividends, the filing of the

final accounts of the trustees and the time and place of examining and passing upon these accounts, the proposed compromise of any controversy and the proposed dismissal of the proceedings. Aside from the published notice of the first meeting none of these other notices need be published unless the court require it.

Each court designates certain banks as depositaries in which trustees may deposit all moneys received by them belonging to the estate. These banks, upon their designation, give a bond to the United States, which bond must be kept large enough to cover the amount on deposit at any time.

In the absence of complication, the law provides that the first dividend to creditors shall be declared within thirty days after the adjudication if there is money enough in the estate to pay preferred debts, and five per cent., or more, of claims allowed, or which probably will be allowed; and thereafter dividends should be declared as often as the amount in the trustee's hand equals ten per cent. of the claims. The final dividend, however, must not be declared until three months—dating from the time of the first dividend payment—have elapsed.

Thereafter, a final meeting of creditors is called at which the trustee lays before them detailed statements of the administration of the estate, at which time they may ask him such questions as are pertinent, and make such objections as they deem fit. The trustee must have made his final report and filed his accounts with the court fifteen days before that meeting, in order to give the creditors a reasonable opportunity to examine the accounts and prepare themselves for the meeting.

In reference to fees, the clerk of the Bankruptcy Court must be paid \$10 before the petition is filed. The referee's compensation is \$15, which amount must be deposited with the clerk of the Bankruptcy Court at the time of the filing of the petition. In addition to this, there is a fee payable to the referee of 25 cents on each proof of claim filed with him, which amount is to be paid from the estate if there be any. The referee also is entitled to 1 per cent. on all moneys disbursed by the trustee to creditors, or one-half of 1 per cent. on all moneys paid to the creditors by the trustee on a composition. The referee is also entitled to demand in advance a sum necessary to cover the expenses to which he will be put; namely, the publishing and mailing of notices, traveling expenses, money spent for the procuring of witnesses, stenographer's fees, and a fee of a few dollars, never exceeding \$5, for the use of his office for each hearing. These fees must be paid by the estate, if there be any estate; otherwise, by the petitioning creditors. It may safely be said that the expenses of a bankruptcy proceeding, including all fees, if the bankruptcy be not contested, would be within \$100, probably about \$60 or \$70. In a contested proceeding, however, there is no possibility of determining what the costs will be.

From the foregoing, it may be seen that a reasonably vigilant creditor, who does not sleep upon his rights, is empowered by the bankruptcy law to punish the bankrupt, if the latter be dishonest, or to prevent his discharge and keep the claim alive if the circumstances warrant it, and also it is clear that the employment of an attorney by the creditor is by no means necessary. In any event, all the papers and records may be examined by the creditor at the office of the referee, or at the office of the clerk of the United States District Court, at all reasonable times.

The International Credit Men.

As illustrating the broad outlook which must be taken by the international credit man the words uttered by Sir Felix Schuster at the half-yearly general July meeting of the Union of London & Smith's Bank are significant. Their scope takes in the two hemispheres and they treat of state policies and social conditions which have a tremendous influence on credit. After speaking of the past year in Great Britain as being disappointing and comparatively unprofitable in the banking business by reason of the burden brought upon the business through competition which tends to keep the payment of interest above a point which can safely be paid, and again referring to the hardship caused by competition with the deposits made with the post-office department of the government which needs to keep no reserve against them, relying upon its holding of consols in case of an exceptional withdrawal of deposits he said:

"While the trade returns do not yet show any marked improvement, there seems to be a prospect of their doing so before long. Reports from the various trade centers at which this bank is represented are, on the whole, encouraging, and in various directions revival is shown. Farmers appear not to have done badly, and, should the weather during the next month or so prove favorable, there is every reason to look forward to a profitable year, prices for wheat being high and crop prospects encouraging. Should these anticipations be realized, the prospects for our home trade should also be good, while our foreign trade shows signs of improvement; there are indications of a coming revival, not only in the United States, where the prospect of abundant crops seems to stimulate enterprise in every direction, but also in Canada, which has shown such important development within the last few years, in our Australasian colonies, where prospects are favorable, in the Far East and in India, where a good wheat crop and abundant rainfall can not fail to stimulate both the export and import trade.

"Nor must we forget the improved outlook in international politics. Difficult and delicate problems arose during the half year, giving rise to grave anxiety; yet these were overcome, and the fact that events such as those which took place in the Balkans, in Constantinople, and more recently in Persia, passed off without giving rise to international complications justifies the hope, and indeed affords the evidence, that on the part of all nations there is a desire to find a peaceful solution of all difficult questions as they arise. In the face of this, the growing expenditure of all countries, and especially expenditure of an unproductive kind, must give rise to serious reflection, as to some extent economic development must inevitably be retarded by such vast expenditure. The desire for economy and thrift, so necessary alike for communities and individuals, seems almost to have vanished, nations seem to vie with one another as regards the magnitude of their expenditure and at home, without much distinction of party, there is a continuous and increasing call for outlay of one kind and another, with the result that not here alone, but on the Continent also, the new burdens necessitated by increasing expenditure can not but retard the revival of trade and the increase of employment to be expected therefrom. I need only remind you that twenty years ago the expenditure of the United Kingdom amounted to £79,000,000, while in the budget for the present year the estimates amount to £164,000,000, in order to show how rapid this growth of national expenditure has been and to ask whether the time has not arrived for a demand on the part of the public for a return to that spirit of economy under which the country showed its greatest advance in commerce and development.

"The current half-year has seen a continual stream of new issues on this market, which were successfully placed and well distributed among enterprises in various directions, the colonies coming here for over £25,000,000, foreign governments for nearly £19,000,000, colonial and foreign corporations for £13,000,000, foreign railways for £17,000,000, and Indian and colonial railways for £7,000,000. That these issues should, on the whole, have been so well taken up has been interpreted as a sign of the increased saving and investing power of the nation. Probably that is true to a certain extent, but I do not think the evidence conclusive. It must be remembered that foreign applications for issues placed in this market are generally very large, and have been especially so during the last six months. It must also be remembered that the home investor applying for these new issues will probably have to sell some of his existing investments, and these may consist of foreign securities which are sold abroad, while further, to a great extent, owing to the slackness of trade, capital has been diverted from industrial enterprise to the Stock Exchange; so that the successful placing of these issues here can not be interpreted as altogether favorable or as furnishing proof of such greatly increased saving power, as is sometimes supposed. As regards their effect on the money market, these new issues very often result in a temporary increase of the amount available in the short-loan market. Thus, paradoxical as it may seem, their immediate result is to make money cheaper, but ultimately, when payment in full has been made and the proceeds have been withdrawn from this center, these issues can not, I believe, be without some influence on the money market, and also, I hope, on the trade of the country, for a good proportion of the proceeds of such loans may find employment in our industries and help to increase our exports."

Business Handed Back to Original Owner After Full Settlement of Creditors' Claims.

On August 25, 1909, B. G. Watson, manager of the adjustment bureau of the Columbus Association of Credit Men, mailed the following communication to all creditors, which covered the final accounting in the largest adjustment ever handled by that association. For obvious reasons the name of the concern referred to is omitted:—

"We are pleased to hand you herewith our check for 30 per cent. dividend on your claim in the above matter. which with the dividend previously paid represents payment in full of the same.

"You will recall that the extension in the above matter was given in December, 1907; and was for nine months, and at the expiration of that time the committee found that they had made such excellent progress with the administration of the estate that it was clearly to the interest of all creditors to continue the extension and retain the business as a going concern rather than sell in order to pay creditors in full. The present settlement fully justifies the decision of the creditors' committee, and it is with a feeling of very great satisfaction that they are able to pay creditors 100 cents on the dollar without any deduction for expenses or cost of any kind, and further, to report to you that the business will this day be turned back to Mr. _____, and will be operated by him in the future without the control and direction of the creditors' committee. This will leave Mr. _____ with a stock of merchandise, book accounts and fixtures of the actual value of about \$30,000.00. He has outside investments and real estate equities which we believe may be conservatively estimated as of the value of \$10,000.00. He will have

a total indebtedness of \$6,500.00, exclusive of his real estate mortgages, which are not considered, as only the value of the equities have been regarded. This indebtedness will be held by Mr. _____'s bank, arrangements having been made so that he will be able to meet the same without hazarding his business.

"The committee can further report that all purchases made by the committee have been paid for, except a few recent bills, not yet due which will be paid by Mr. _____ at maturity. The committee has not supervised or directed the fall purchases, having only cautioned Mr. _____ regarding his tendency to overbuy, but have not passed on either his individual or aggregate purchases, and will not be in charge of payment of the same. We suggest to creditors, who will doubtless sell Mr. _____ in the future, that they can best serve him and themselves by aiding him in properly limiting his purchases to his current requirements.

"This will be the last communication from the trustee or the creditors' committee, and at this time on behalf of the Columbus Association of Credit Men we desire to thank you for the many courtesies which have been extended to the committee during the time they have been in charge of the business and to assure you that it has been a great satisfaction to the committee to be able to assist Mr. _____ in working out his affairs, as, no doubt, it has been to you to be able to secure your claim in full without any expense other than the loss of your interest for a few months.

"Very truly yours,

"B. G. WATSON,
"Attorney in Fact.

"E. E. LERCH,
"H. W. LUSHEY,
"J. W. DAGES,
"Creditors' Committee."

THE CREDIT MAN NEEDS TO USE EVERY FACILITY TO ATTAIN HIGHEST RESULTS.

BY A. D. THOMAS, OF YOUNGSTOWN, BEFORE THE PITTSBURGH
ASSOCIATION OF CREDIT MEN.

The adjustment bureau of the Youngstown Credit Men's Association, in conception and operation, is a business proposition. It resolves itself readily to a basis of dollars and cents. However, much we might desire that its functions were, or are, or will not be needed—the conditions confront us. The disease is abroad in the land and its active germ claims the unfortunate, the incompetent and the commercial crook as its victims. Laws which have been placed upon state and national statute books have evolved the adjustment bureau as the most effective way to deal with delinquent and insolvent debtors.

The Youngstown bureau has on several occasions conducted mercantile and other establishments a sufficient length of time to pay 100 cents on the dollar to creditors and turn the business back to the original owners on a safe and profit yielding basis. The manager maintains offices sufficiently large for meetings and promptly furnishes ledger exchange information and court house records on all inquiries from members to all members who pay for that service. Busy practical credit men know that such an arrangement is a mighty handy piece of office furniture for local and county business. In case a business man seems to two members to be getting in a bad way financially, they may make a written request to the board of directors to have the secretary procure

from such debtor a full and complete property and asset statement. If the conditions seem to justify such action, the secretary is instructed to call personally upon the debtor for such statement and usually can procure it in such a comprehensive form that a method of procedure is easily determined upon.

Occasionally the mere giving of a statement of assets has awakened the debtor to his real condition and in several instances the kindly offices of the bureau have been requested with highly beneficial results.

This impersonal method of getting property statements conceals the interested party from the debtor and avoids prejudice against any one. The consent of the board of directors before radical action can be taken prevents the abuse of the privilege of the bureau to broaden its influence and at the same time resolves the suggestions of the bureau into a demand that the debtor cannot lightly lay aside. This arrangement is often of material benefit to the debtor himself—for if he is not entirely devoid of energy, it may "wake him up" to his plight and direct his efforts into more profitable directions.

The bureau is not limited to the handling of cases in adjustment only, but operates also in bankruptcy cases, and in practically all cases in which the bureau has been a factor, it has controlled the election of trustee and the usual attorney who always is and should be allowed a fee. The aim is to see that hidden assets are brought out and irregularities avoided.

Youngstown is not a favored locality so far as credits go. We have plenty of financial griefs, the commercial seas in that locality have many shoals—sunken reefs and small financial wrecks—and the waters have not been safely and securely charted. We are liable to come into signals of distress anytime, but we have the satisfying knowledge that there is the adjustment bureau ever ready to lend aid to the storm-tossed and wrecked, and protect so far as possible the salvage.

We have looked about for a reason for the attitude of debtors toward the bureau. Perhaps it is because the methods and sort of service of this commercial innovation are only slightly understood, but it is more likely for the reason that as credit men we have failed to get the confidence of our customers. Debtors, as a usual thing, do not come to their creditors for advice or help in times of trouble. They avoid the man to whom they owe a past due account. They follow the plan of their fathers who sought the advice of the cheapest lawyer to get them out of trouble in any way the law allowed. All adjustment bureaus no doubt experience this same difficulty, yet we ourselves know that the adjustment bureau makes the better way as our records show that in eight cases handled through the Youngstown bureau in a recent period the creditors received 100 cents on the dollar, and five of the eight are still in business with their assets legally intact. Three were retired and to one of them was returned a neat sum in cash, after one concern had expected to pay something less than 75 cents on the dollar. On all cases handled during 1906 and 1907 by the adjustment bureau an average of 70 per cent. was paid to the creditors at an average cost for services of 6 2-3 per cent. During the same period the cases settled through the bankruptcy court in the same territory averaged 11 per cent. to creditors at a cost of 16½ per cent. In other words, the adjustment bureau paid over six times as much to creditors as the bankruptcy court at practically one-third the cost.

I have before referred to the difficulty in getting insolvent debtors to transfer their assets to the bureau for adjustment. In casting about for a logical cause for this condition we are forced to look back over the

debtor to the man or men that granted the credit and the manner in which it was granted. In the rush for business I sometimes feel that we as credit men miserably fail to do our whole duty. In the desire to increase the total of the annual sales and perchance to get more than a fair share of our competitor's trade, we are so inclined to look lightly upon the personal side of business that we utterly fail to see the plainly apparent symptoms of incompetency, improper habits, insufficient capital, improper location, lack of energy, and numerous other disqualifying traits and conditions in the prospective debtor. What I have to say in this applies to the debtor seeking credit in person. The handling of the debtor in this first interview is of the utmost importance and the first task of a tactful credit man will be to make the party seeking credit feel perfectly free as to surroundings and to eradicate any possible untoward or prejudicial feeling that he may have entertained because he is at your desk seeking the grant or favor of credit. It is too much to expect the credit man to be a thoroughly equipped and perfectly working automatic intuitive machine and so like other men that have to be born and made before becoming expert in their line, the sensible credit man should get down to the meat in the cocoanut with his prospective debtor by eliminating his own identity and merging his individuality into the personality and interests of his customer. He must display the knowledge of an adept in the reading of human nature. It is not a Doctor Jekyll and Mr. Hyde game that he is to play, but he must avoid the narrow selfish paths which lead to inferred importance of self and proceed along the broader lines of sincere interest and sympathy in the welfare, progress and prospects of his customer. Your interest in the welfare of your customer can be absolutely genuine without even hinting at the personal gain to be derived from prospective dealings with him.

Sympathy is an important element among the personal qualifications of the successful credit man and as long as it is sincere it has a powerful influence over others. An independent demeanor does not pay and usually gives the delinquent debtor an active thirst for revenge. Most people are not crooks or curs and the surest way to find that out is to treat them kindly. It pays, yet interest, sympathy and kindness may be overworked with the inevitable result of an unfavorable reaction.

Too much dignity may be translated as arrogance, yet "no form of dignity ever suffers when it is made mellow by a kindly disposition." Give the world the best there is in you and the world will give you manifold returns on the investment. Use your influence to uplift the standard of human and moral achievement whether at your credit desk or at your play and in this manner you will get the lasting confidence of your customers and your debtors will then come to you for advice and help when needed, or perchance a little guidance may put them on the highway to financial and permanent success. If you would know the purposes, motives and tendencies of your customer's mind you must think as he leads you, but you must do so voluntarily, though consciously. This all of you, no doubt, have done time and time again because the method is as old as civilization itself, and those who have been most successful in divining the plans of others, have done so, not merely by guess work, but because they were apt students of human nature and thoroughly carried out the method that has taken science many centuries to discover.

The reverse of this method is also true. If you desire to do the thinking for the other fellow get him to follow you willingly and so impress him with your interest and sympathy that he will not be volun-

tarily opposing your lead. The property statement is a helpful and essential thing to this end. From it you will not only learn whether or not your applicant owns any real estate and how much insurance he carries, but in studying it a perfectly natural question will be about his family. You will then learn what he has to work for and what motive he has to make money and to maintain a clean name and honorable reputation which any sensible and reasonable man will try to do for his family's sake. By the time you have proceeded this far, if you have handled the matter sincerely, he will have been telling you the truth, and while he is in the truth telling mood, keep him right at it, get over into his business, and his prospects, his past record, and his future hopes and you can almost bank on the information. There are many conditions which credit men, as a usual thing, allow to influence them in this most important work. We allow our own personal equation to assert itself on one side or the other and we are inclined to take chances because we hear so much about the penuriousness of those concerns that never have a loss to charge off at the end of the year.

Not long ago my house and several other jobbers took a chance on some new comers who cleaned us out of several hundred dollars. Through the aid of confederates the goods and the proprietor disappeared between two days, the goods being shipped out, or rather checked out on different railroads in trunks as baggage so that the expense of running down each trunk leaving the depot would be very great and precluded the advisability from a financial standpoint for one concern to attempt to bring the fellow to justice.

After this rebuke to my recklessness I followed the plan outlined in this paper with the next applicant for credit with the result that before getting over half way through the "property statement" the applicant for credit had "turned himself down" and plainly admitted that as a credit man I had no business granting him credit, as he was an unsafe risk, not from dishonesty, but from lack of capital and incompetency.

Despite all the rules and regulations that can be adopted and the multitude of books that have been written for guidance for credit men, there is no human mind capable of mastering successfully every proposition presented to it for solution. In the last and final analysis when all else fails and you are up against the opposition of your debtor and you are caught without a chance of redress, you will wake up to find that your laws are inadequate to give you even partial protection.

The fifth pamphlet in the series "Burning Subject," issued by the fire insurance committee of the Association, is now ready for distribution. Fire prevention and fire protection are the topics here discussed and it is hoped that members will see that this pamphlet is liberally distributed all over the land. Write the Association office for samples.

THE ULTIMATE OBJECT IN ALL COMMERCE.

FROM AN ADDRESS BY ASA G. CANDLER, PRESIDENT OF THE ATLANTA CHAMBER OF COMMERCE, BEFORE A CONVENTION RECENTLY HELD TO CELEBRATE THE TWENTY-FIFTH YEAR AFTER THE FOUNDING OF THE J. K. ORR SHOE COMPANY.

Commerce serves higher objects than gain. It tends to wear off those prejudices which separate and alienate communities and

nations from each other. It draws them together by one of the strongest bonds—the desire of supplying mutual wants. It disposes mankind to peace by creating a body of citizens bound by their interests to be guardians of public tranquillity. This convention, composed as it is of the friends, owners and employees of a private corporation, is unique, but deserves none the less the attention and cordial endorsement of public officials. Such organization as yours, founded on such excellent principles and practices as have characterized its establishment and conduct from its beginning till now, constitutes an educational force not to be ignored but honored and advertised by city and state, as an evidence of future national growth in virtuous traffic.

An ill-grounded lamentation is heard here and there to the effect that the exalted sentiments of the Old South, with its elevated civilization, are becoming obsolete, and in their stead is springing up materialistic views of the New South, which forbode an evil era of mammonism. For one, I can not join in such gloomy and dolorous expressions. For the Old South and all its traditions, I have the most profound reverence, but nothing that really made it great and good has passed away, and I welcome the New South with all its added benefits and blessings. I rejoice in the fact that in matters commercial, the South is just now coming to its own. It never possessed so much material prosperity and its morality and intelligence were never higher than at this very moment. The volume of our commerce has expanded and continues to expand with every passing day. The stars in their courses—the invincible forces of nature—fight for us.

Our people dwell within those parallels where the mightiest men of the world have been born and nurtured. It has sometimes been said by a certain class of superficial theorizers, that the climate of the South enervates and induces to indolence. But they forget that Solon, Lycurgus, Moses and Madison, the greatest lawyers of all the ages from Adam to Roosevelt, were Southern gentlemen. They overlook the fact that a Southern climate did not suffocate the spirit of poesy in Homer, Virgil, David, Dante and Sidney Lanier, all of whom were Southerners of the strictest sort. It seems to have escaped their notice that Demosthenes, Cicero, Isaiah, Saul of Tarsus and Patrick Henry, the most eloquent orators known to the world, poured forth their thrilling periods from Southern bosoms upon Southern ears. They appear to have forgotten that Hannibal, Cæsar, Alexander, Napoleon and Robert E. Lee, the mightiest of military chieftains, conceived their great campaigns in Southern brains and led Southern men to the most renowned victories.

Our delightful climate is not an explanation of nor an excuse for failure, but a stimulus to greater achievements. Indeed, my fellow citizens, in commerce and labor, we have no failure to explain or to extenuate. Before the war, we were the most prosperous and dominant section of the most prosperous nation on the earth, and since the close of that bloody conflict, fought on our soil, our people have gathered up the fragments of their resources left by invading hosts, and have made themselves rich and powerful again. It is veriest nonsense and wildest absurdity to claim that the immense crops we have made since the war and the wonderful recuperation which we have brought to pass, has been wrought by the hand of an indolent and enervated people. If our people have been idle, surely they are wizards in conjuring from the soil, without great and

unconquerable effort, such vast harvests. Our cotton crop alone is an international defense to the commerce of the entire union. The recent financial flurry, a panic, so-called, was mollified, if not conquered, by the South's cotton crop. Our fleecy staple, increasingly necessary to mankind, drew gold from the hoarded stocks of Europe and thus in a crisis, expanded the currency without debasing it—nothing short of a miracle in money marts. In that great crop alone, our section has a material and beneficent monopoly which gives us now, and ever will give us, a commanding influence among men, the world over. "Cotton was King" in 1860, is "King of Kings" now. Since its manufacture has begun in our own territory, the cotton field and the cotton factory having been brought together, its royal rule has been strengthened and expanded.

At the same time, the world is eagerly seeking our lumber, our iron, cement, coal, even our gold. Such combination of rich resources can scarcely be found in any other part of this planet. No ordinary reverses can arrest our progress and no common disaster can restrain our prosperity.

In fact, by every token, the commerce of the South is at the beginning of a marvelous expansion. The cutting of the Panama Canal can not fail to quicken its flow and increase its volume. The trade of the future will surely be on the Pacific. The world's maritime commerce was in its beginning on the Mediterranean Sea, and so continued until the discovery of the New World by Columbus. Then it moved out upon the Atlantic Ocean, and has centered there during the last four centuries. But now it is advancing to the Pacific; the last of the great oceans, and there it will remain to the end of time. By the late war with Spain, the United States has made of the Gulf of Mexico an American lake. Into that body pour many navigable streams, which, wandering majestically through the South, bear its products on their bosoms into the channels of international trade. Not a few trunk lines of railway are headed in the same direction. As inevitable as the operation of the law of gravitation, the trade of Mexico, Central America, the West Indies and South America will be drawn to our South Atlantic and Gulf ports. Oriental traffic, passing through the Canal, will enter our country at Southern ports. All these things will at no distant day make our Southern country the most prosperous in the world.

It behooves us, in advance of these wonderful developments, surely coming, to make ready for an era of abounding material good, which is already at our very doors. Real good can not be laid up in barns or storehouses. Enduring wealth must be deposited in human beings. The "Commonwealth" is the "Common People." The very soil itself acquires its value from the quality of the man who walks upon it. The rich lands of the Flint and the Chattahoochee valleys were as fertile when the wild Indian roved over them as they are to-day, but with savage owners, they had next to no value. If our people are not great, our resources will shrink to the size of their owners, or greater people will come among us and wrench us from our riches and lay them as tributes well won, at the cradles of their posterity.

To safeguard our commerce, as well as to promote higher things, the commercial community must have constant regard for the enlightenment and elevation of all our people. It is not enough to fertilize the land: we must also enrich the minds, the hearts, of our generation. All ignorant and unworthy people can not long retain even

material good. The Mesopotamian country could not save Babylon when the Babylonians became effeminate and corrupt. The conquests of Alexander were not enough to preserve his empire when virtue ceased to dwell in the hearts of the people it encompassed. The Roman Empire perished amidst the most splendid luxury when purity had expired and morality had passed away. In proportion to the bulk of our commerce, must be the character of our people. We must own and master what we possess, or we will be mastered and enslaved by it. If we do not subject our prosperity to the highest uses, it will subjugate us to the basest ends. We are, and we will be, more and more a commercial people, but we must never be a commercialized people. As our trade expands into commerce, our commerce must rise to the level of consecration to the public good. And if, while we grow wealthy, we do also grow wise and noble, under these bright Southern skies will be wrought out a civilization unprecedented in the annals of human history.

In the providence of Almighty God, the lines have indeed fallen to us in pleasant places. We have a goodly heritage. Unto us has been committed a land of brooks, of sparkling waters, of fountains and depths that spring out of valleys and hills; a land wherein we may eat bread without scarceness; a land where stones are iron, and out of whose hills we may dig brass and gems of priceless value. Let all the boundless treasure be unselfishly and benevolently employed for highest ends and a new era, upon which we have entered, will become a golden age, conscience and commerce being equally vigorous among us, prosperity and profits will equally abound.

The Tyrant Customer.

If you had an employee who claimed every pay day that he was short part of his time, or who insisted on having his pay every week though regular pays came twice a month, or who insisted that he be allowed to come later or depart earlier than the rest, what would you do with him?

You would fire him very quickly, you know you would.

Now suppose you had a customer who insisted that part of every bill you sold him was defective and who insisted on paying at the end of sixty days though everybody else was allowed only thirty days, what would you do with that customer?

If you are the *average* business house you would put up with his claims, let him pay his bill as he felt like, and you would still go on filling his orders even if you knew you were not making anything on them.

Yes, you, would, too, if you are the average house, for the average house will stand for the tyranny of a customer.

There seems to be a very prevalent superstition that prevents the average house from refusing to do business with any customer that appears. The average house seems to regard itself as a sort of common carrier that must take all business that is offered.

And it is just because this superstition is so general that the tyranny of the customer is possible. As long as he can go somewhere else and have his orders filled the tyrant customer feels perfectly safe in making the most outrageous demands.

There is the tyrant customer who insists on credit for defective goods when actually the goods were damaged by his own employees in trying to use them. *The Silent Partner* considers this course of procedure as just plain thieving.

Then again, there is the customer who will make a claim for defective

goods but who, instead of returning them at once, as he is requested to do, will hold the alleged defective goods a month or two and then return them. When his attention is called to the fact that any credit to which he might be entitled was contingent upon prompt return, the customer lets out a yell and tries to bluff the matter through by intimations that he will buy elsewhere.

If half a dozen firms would tell this class of customer to go elsewhere he would cease doing business as he pleased.

Again, there is the tyrant customer who when informed that terms are thirty days net insists on having sixty days.

Still the average firm allows itself to be victimized in these ways rather than use a little spunk and refuse to fill such people's orders.

The average firm prints on its invoices "Two per cent. for cash in ten days" and then accepts the checks of people who have waited two weeks or twenty days and then deducted the two per cent. though they are clearly not entitled to it. Few are the firms who have backbone enough to return the check thus discounted and insist on the full amount of the invoice.

Another customer tyrant is the fellow who returns an alleged defective article by express, collect, without having received authority to do so. The article may only sell for a dollar, yet to get his dollar back the customer incurs a dollar charges in returning the article.

Yet plenty of firms will stand for the chronic kickers, the unwarranted discounter, the customer who absolutely disregards instructions as to making claims.

As to the morals of the tyrant customer there is little doubt—they must be rotten. But did it ever occur to you that aside from the foolishness of submitting to the customer's tyranny the firm that submits is guilty of wrongdoing toward its other customers who do not make false claims for defects or send in wrongly discounted checks?

For the tyrant customer gets more attention than he is entitled to, and the losses on his unprofitable business are made up by extra profits from the business of decent people.

The only thing to do with an unreasonable customer is to treat him as you would an unreasonable employee—drop him. And if all other people will do the same this form of business parasitism will soon cease. There is no sense in handling business on which you make nothing. Cut it out.—*The Silent Partner.*—*The Publicist.*

ASSOCIATION NOTES.

Chicago.

The Chicago Credit Men's Association held an outing at Ravinia Park, Chicago, August 5th, in conjunction with the National Sales Managers' Association. Various athletic events, including a baseball game, enlivened the day. The Walter Damrosch orchestra rendered a delightful musical program.

Pittsburgh.

The Pittsburgh Association of Credit Men's picnic, held August 6th, was a marked success. Pittsburgh's large attendance, joined by an enthusiastic delegation from the Cleveland association enjoyed a royal day of sports, the successful contestant winning handsome prizes.

One of the greatest attractions of course was a ball game between nines picked from the Pittsburgh association and the Cleveland association, who contested for a handsome loving cup, offered by the Pittsburgh association to be won by the association winning two games out

of three in a period of three years. Pittsburgh won this year's game by the score of 18 to 2.

Another game was played by the debtors and creditors by two nines selected from the Pittsburgh association. The creditors won.

Among the other events was a voting contest for the most popular lady, and the most popular gentleman. A handsome prize for the most popular lady by popular vote was awarded to Mrs. Enoch Rauh, wife of President Rauh, and L. C. Voss was awarded a prize as the most popular gentleman.

President Rauh was busy all day long, seeing that everyone had a good time. President Pattison of Cleveland wore all day the "smile that won't come off." When the prizes were awarded, Mr. Pattison was presented with a handsome pick, and instructed to use this tool to pick a good ball team for next year, which he promised to do.

Great credit is due to the entertainment committee, who had full charge of the picnic and made of it a great success. The outing has demonstrated that Pittsburgh can just as successfully play as work; whether it is getting members or turning out tonnage.

WANTS.

POSITION IN BOSTON or vicinity, as credit man or office manager. Has had 18 years' experience as bookkeeper, cashier and credit man with present company; highest references. Could make investment with old established business. Address, M. H. S., care Chas. E. Meek, 41 Park Row, New York, N. Y.

POSITION AS CREDIT MAN or office manager. Has had four years' experience with large clothing manufacturing concern as assistant credit man. Thirty-five years of age, single, of temperate habits and can give highest references as to character and ability. Address, J. M. V., care Chas. E. Meek, 41 Park Row, New York, N. Y.

CREDIT AND COLLECTION MAN who has also been assistant treasurer of one of the largest corporations in the country wishes to connect with some large company or corporation in similar capacity or as confidential and private secretary to an executive head. Can give highest references. New York City preferred, but would consider other propositions. Address, F. J., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

WANTED—A position as office manager or credit man or both by a man 34 years of age, who has had a wide experience in accounting and credit department work. For the last twelve years has been with present employer and his ability has been recognized by a steady increase in salary. Reason for changing is that a new method of handling his territory, Texas, will make constant traveling necessary. Address, T. X. S., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

WANTED—A bookkeeper with broad experience in taking charge of the book-keeping interests of large mercantile houses desires a position. Can give the best of references, one being from the public accountant who audited the books of his last employer. A location in Greater New York preferred. Address, B. K., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

A THOROUGHLY RELIABLE ACCOUNTANT and general office man, having over 20 years experience with large manufacturing corporations, desires position as auditor, bookkeeper, credit man or office manager. Address, C. V. D., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

CREDIT MAN AND OFFICE MANAGER, for 21 years connected with a large wholesale house, desires a similar position. Age 37. Capable and energetic. Best of references. Address E. H. W., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

A YOUNG MAN thoroughly versed in paint, drug and chemical credits is open for an engagement. Has an excellent knowledge of accounting methods and is fully competent to take charge of accounting and credit department. Is now employed and can give satisfactory reasons for wishing to change. Exceptionable references will be furnished. Address F. F. R., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

WANTED—Position as credit man or office manager. Have had 10 years' experience with large dry goods house doing business in West and South; 37 years of age, married, of strictly temperate habits, and can furnish highest references as to character and business ability. Address, W. S. B., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

A CREDIT MAN thoroughly acquainted with the collection of accounts from all classes of merchants and professional men, desires to connect with good firm in Central or Eastern States about September 1st. Has wide experience, particularly in handling installment accounts, notes and conditional contracts. If desired will install expert collection system. Engaged at present, but possibilities are limited. Address, B. F. D., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

CREDIT AND COLLECTION MAN AND OFFICE MANAGER of 20 years' experience in hardware, implement, vehicle and saddlery lines in Missouri river and western markets, is open for engagement December 1st or before. He is thoroughly practical, with extended experience acquired with large and well organized concerns; of executive ability; capable of handling large interests; deliberate in judgment and able to analyze clearly; successful in directing travelers and field organization; has always shouldered responsibility; many years secretary of extensive jobbing house; experienced in handling accounts of large amounts and large numbers of small accounts; well informed on commercial law, handling of failures, and bankruptcy practice; particularly strong on correspondence, formulating accounting methods, and office systematizing. Is systematic, an endless follower of detail, full of energy, plenty of nerve, 40 years of age, married and well educated. His record is clear and is a successful one. Present salary three thousand annually: will change at same figure. References, present and past employers and prominent tradesmen. Wishes position where recognition of sterling worth and conscientious devotion to business by practical and high grade man will be appreciated. Address D. B. M., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

AN EXPERIENCED CREDIT MAN, fifteen years with a large corporation, who also has had long experience as office manager and cashier, desires to make a new connection. Thoroughly familiar with the duties of the three positions. Capable of controlling all in moderate-sized business, would make change where increased responsibilities would be met with corresponding remuneration. Address M. S. B., care of Chas. E. Meek, 41 Park Row, New York, N. Y.

Directory of Officers of the Affiliated Branches of the National Association of Credit Men.

ATLANTA, GA.—The Credit Men's Association of Atlanta. President, Bolling H. Jones, Atlanta Stove Works; Secretary, E. L. Rhodes, Ernest L. Rhodes & Co.

BALTIMORE, MD.—The Credit Men's Association of Baltimore. President, Geo. L. Irvin, Carlin & Fulton; Secretary, S. D. Buck, Maryland Bldg.

BIRMINGHAM, ALA.—Birmingham Credit Men's Association. President, H. W. Coffin, Moore & Handley Hdw. Co.; Secretary, G. B. McVay, Amzi Godden Seed Co.; Assistant Secretary, R. H. Eggleston.

BOISE, IDAHO.—The Boise Association of Credit Men, Ltd. President, J. G. H. Graveley, Capital Brokerage and Comm. Co.; Secretary, Charles P. McCarthy; Assistant Secretary, D. J. A. Dirks, 12-14 L. O. O. F. Temple.

BOSTON, MASS.—Boston Credit Men's Association. President, William Q. Wales, Brown-Wales Co.; Secretary, Chas. L. Bird, 77 Summer St.

BUFFALO, N. Y.—Buffalo Credit Men's Association. President, W. L. Fox, Buffalo Forge Co.; Secretary, Wilbur B. Grandison, 78 Erie County Bank Bldg.

BUTTE, MONT.—Butte Association of Credit Men. President, Chas. E. Virden, Ryan & Newton Co.; Secretary, R. Frank Casey, Casey Candy Co.

CEDAR RAPIDS, IA.—Cedar Rapids Association of Credit Men. President, W. H. Sutherland, Anchor Mills Co.; Secretary, Thos. B. Powell, 409 Security Bldg.

CHARLESTON, W. VA.—Charleston Association of Credit Men. President, J. F. Bedell, Hubbard-Bedell Grocery Co.; Secretary-Treasurer, Clark Howell, Capital City Supply Co.

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DECATUR, ILL.—Decatur-Springfield Association of Credit Men. President, Wilber Humphrey, Morehouse & Wells Co.; Secretary, A. J. Murray, National Grocer Co., Decatur, Ill.

- DENVER, COLO.**—The Denver Credit Men's Association. President, Karl K. Mayer, Kurer Pickle Co.; Secretary, Donald Reid, C. S. Morey Merc. Co.; Assistant Secretary, H. A. C. Mathew, 407-408 Sugar Bldg.
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- DETROIT, MICH.**—Detroit Credit Men's Association. President, Wade Millis, 812 Union Trust Building; Secretary, W. S. Campbell, 610 Moffat Bldg.
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- FARGO, N. D.**—Fargo Association of Credit Men. President, Nelson A. Burdick, Hall-Robertson Hdw. Co.; Secretary, H. L. Loomis, N. Y. Mutual Saving & Loan Assn.
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DIRECTORY OF ADJUSTMENT BUREAUS.

Bureaus for the adjustment of insolvent estates are operated in the following cities, and under the authority and supervision of their local Associations of Credit Men. All are affiliated branches of the National Association of Credit Men. Address all communications on Adjustment Bureau matters to the parties named:

BALTIMORE, MD.—S. D. Buck, Maryland Building.

BOISE, IDAHO—Chas. P. McCarthy, Room 1, Pioneer Building.

BOSTON, MASS.—Chas. L. Bird, 77 Summer Street.

BUFFALO, N. Y.—Wilbur B. Grandison, 78 Erie County Bank Building.

BUTTE, MONT.—Guy C. Davidson, Independent Telephone Building.

CEDAR RAPIDS, IOWA—C. B. Robbins, 409 Security Building.

CHICAGO, ILL.—M. C. Rasmussen, Mgr., 218 La Salle Street.

CINCINNATI, OHIO—Henry Bentley, 614 Mercantile Library Building.

CLEVELAND, OHIO—Frank B. Bicknell, 505 Chamber of Commerce Building.

COLUMBUS, OHIO—B. G. Watson, 601-605 The New First National Bank Bldg.

DALLAS, TEXAS—W. P. Peter, 214-218 Linz Building.

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FORT SMITH, ARK.—Ben. D. Kimpel, 606 Merchants National Bank Building.

FORT WORTH, TEXAS—Geo. Q. McGown, Reynolds Building.

GRAND RAPIDS, MICH.—R. J. Cleland, 427 Houseman Building.

KANSAS CITY, MO.—Frank W. Yale, 315 Dwight Building.

LEXINGTON, KY.—C. L. Williamson, 726 McClelland Building.

LITTLE ROCK, ARK.—Frank T. Longley, 219½ Main Street.

LOS ANGELES, CAL.—F. C. De Lano, 600 Equitable Savings Bank Building.

LOUISVILLE, KY.—Walter Walker, United States Trust Co. Building.

MEMPHIS, TENN.—Memphis Credit Men's Adjustment Bureau, Business Men's Club Building, 79-81 Monroe Avenue.

MILWAUKEE, WIS.—S. Fred. Wetzler, 500-501 Free Press Building.

MINNEAPOLIS, MINN.—J. P. Galbraith, 543 Gilfillan Block, St. Paul, Minn.

NEWARK, N. J.—Harry V. Osborne, 164 Market Street.

NEW ORLEANS, LA.—W. C. Lovejoy, 711-712 Canal, La. Bank Building.

OKLAHOMA CITY, OKLA.—George E. Black, 538 Bassett Building.

PHILADELPHIA, PA.—Edmund S. Mills, Room 801, 1011 Chestnut Street.

PITTSBURGH, PA.—A. C. Ellis, Renshaw Building.

PORTLAND, ORE.—R. L. Sabin, 1 Front Street.

PUEBLO, COLO.—George O. Gray, 501 Court Street.

RICHMOND, VA.—Jo. Lane Stern, 1014 Main Street.

ROCHESTER, N. Y.—(Manager not appointed.) 1008 Granite Building.

ST. JOSEPH, MO.—Sidney Beery, German-American Bank Building.

ST. LOUIS, MO.—A. H. Foote, 809 Mercantile Building.

ST. PAUL, MINN.—J. P. Galbraith, 543 Gilfillan Block.

SALT LAKE CITY, UTAH—Walter Wright, P. O. Box 419.

SAN DIEGO, CAL.—G. F. Hoff, 841 Fifth Street.

SAN FRANCISCO, CAL.—Ben Armer, 499 Monadnock Building.

SEATTLE, WASH.—I. H. Jennings, 802-805 Central Building.

SPOKANE, WASH.—J. B. Campbell, 610 Empire State Building.

TACOMA, WASH.—J. D. Benner, 400 Bank of California Building.

TOLEDO, OHIO—Lewis B. Hall, 1223 Ohio Building.

WICHITA, KAN.—Willis Davis, Southwestern Drug Co.

YOUNGSTOWN, OHIO—W. C. McKain, 607 Stambaugh Building.